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WILCOX & CO

No. 7879

United States
Circuit Court of Appeals

For the Ninth Circuit.

CLEVE W. VAN DYKE,

Appellant,

VS.

BASCOM PARKER,

Appellee.

Transcript of Record

Upon Appeal from the District Court of the United
States for the District of Arizona.

AUG 3 - 1935

PAUL P. O'BRIEN,
CLERK

No. 7879

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CLEVE W. VAN DYKE,

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Tucson, Arizona.

Attorneys for Appellee. [3*]

In the United States District Court for the District
of Arizona

L-202-Globe

BASCOM PARKER,

Plaintiff,

vs.

HOVAL A. SMITH and CLEVE W. VAN DYKE,
Defendants.

COMPLAINT

Comes now the above named plaintiff by GRAHAM FOSTER, his attorney, and complaining of the above named defendants, alleges:

*Page numbering appearing at the foot of page of original certified Transcript of Record.

I.

That plaintiff is a citizen of the State of Michigan; that defendants, HOVAL A. SMITH and CLEVE W. VAN DYKE, are citizens and residents of the State of Arizona; that plaintiff is not a citizen or resident of the state of which either of the defendants are citizens or residents; that the amount of the matter in controversy herein between plaintiff and defendant exceeds, exclusive of interest and costs, the sum or value of THREE THOUSAND (\$3,000.00) DOLLARS,

FIRST CAUSE OF ACTION

II.

That heretofore and on or about the 30th day of October, 1917, defendants for value received executed and delivered to plaintiff their certain Promissory Note in writing, dated on that day, whereby they promised to pay to plaintiff the sum of FIVE THOUSAND (\$5,000.00) DOLLARS on or before the 30th day of December, 1918, at the St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, with interest thereon at the rate of six per cent (6%) per annum from the date of said note, [4] and at the rate of seven per cent (7%) per annum from the date of maturity of said note, and a reasonable attorney's fees, should suit be brought thereon; that plaintiff is the owner and holder of said note.

III.

That the following is a copy of said Promissory Note:

\$5,000.00 Chicago, Illinois, October 30, 1917.

On or before December 30, 1918, for value received, I or we, jointly and severally promise to pay to the order of BASCOM PARKER, at THE ST. ANSGAR BANK OF BRUSH, LUBIENS & ANNIS, at its office in St. Ansgar, Iowa, FIVE THOUSAND DOLLARS, with interest from date at Six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

No. 23716 (SGD) HOVAL A. SMITH
P. O. Miami, Ariz. CLEVE W. VAN DYKE
and Chicago

ENDORSED: April 14th, 1927, paid
hereon by check, \$500.00
June 13th, 1927, paid hereon by
check, 500.00

IV.

That a reasonable attorney's fee for bringing this suit against defendants upon said Promissory Note is ONE THOUSAND (\$1,000.00) DOLLARS.

V.

That there became due and owing plaintiff by defendants thereon, the sum of FIVE THOUSAND (\$5,000.00) DOLLARS, with interest at the rate of six per cent (6%) per annum from the 30th day of October, 1917, to the 30th day of December, 1918, and at the rate of seven per cent (7%) per annum thereafter; that payment thereof has been duly demanded; that no part thereof has been paid, except the sum of FIVE HUNDRED (\$500.00) DOLLARS on April 14, 1927, and the further sum of FIVE HUNDRED (\$500.00) [5] DOLLARS on June 13, 1927, leaving a balance due plaintiff by defendants as of the 30th day of December, 1930, of EIGHT THOUSAND FIVE HUNDRED AND FIFTY (\$8,550.00) DOLLARS, besides an attorney's fee of ONE THOUSAND (\$1,000.00) DOLLARS.

SECOND CAUSE OF ACTION

VI.

That heretofore and on or about the 30th day of October, 1917, defendants for value received executed and delivered to plaintiff their certain Promissory note in writing, dated on that day whereby they promised to pay the plaintiff the sum of FIVE THOUSAND (\$5,000.00) DOLLARS, on or before the 30th day of June, 1919, at the St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, with interest from said date at the rate of six per cent (6%) per annum, and at the

rate of seven per cent (7%) per annum from the date of maturity of said note, and a reasonable attorney's fee should suit be brought thereon; that plaintiff is the owner and holder of said note.

VII.

That the following is a copy of said Promissory Note:

\$5,000.00 Chicago, Illinois, Oct. 30, 1917.

On or before June 30, 1919, for value received, I or we, jointly and severally promise to pay to the order of BASCOM PARKER at THE ST. ANSGAR BANK OF BRUSH, LUBIENS & ANNIS, at its office in St. Ansgar, Iowa, FIVE THOUSAND DOLLARS, with interest from date at six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

No. 5793 (SGD) HOVAL A. SMITH
P. O. Bisbee, Ariz.

Miami, Arizona CLEVE W. VAN DYKE
ENDORSED: May 21st, 1927, paid

hereon by check, \$500.00

July 20th, 1927, by check, 500.00

VIII.

That a reasonable attorney's fee for the bringing of this suit against defendants upon said Promissory Note is ONE THOUSAND (\$1,000.00) DOLLARS.

IX.

That there became due and owing plaintiff by defendants thereon, the sum of FIVE THOUSAND (\$5,000.00) DOLLARS, with interest thereon at the rate of six per cent (6%) per annum from the 30th day of October, 1917, to the 30th day of June, 1919, and at the rate of seven per cent (7%) per annum from the 30th day of June, 1919; that payment thereon has been duly demanded; that no part thereof has been paid, except the sum of FIVE HUNDRED (\$500.00) DOLLARS, paid by defendants on or about the 21st day of May, 1927, and the further sum of FIVE HUNDRED (\$500.00) DOLLARS, paid by defendants on or about the 20th day of July, 1927, leaving a balance due plaintiff by defendants as of the 30th day of December, 1930, of EIGHT THOUSAND FIVE HUNDRED AND TWENTY FIVE (\$8,525.00) DOLLARS, besides an attorney's fee of ONE THOUSAND (\$1,000.00) DOLLARS.

WHEREFORE, plaintiff prays Judgment against defendants for the sum of NINE THOUSAND FIVE HUNDRED AND FIFTY (\$9,550.00) DOLLARS, with interest at the rate of seven per cent (7%) per annum from the 30th day of December, 1918, upon the first cause of action,

and the further sum of NINE THOUSAND FIVE HUNDRED TWENTY FIVE (\$9,525.00) DOLLARS, with interest thereon at the rate of seven per cent per annum from the 30th day of December, 1930, upon the second cause of action as heretofore set forth, besides his costs in this cause incurred.

GRAHAM FOSTER

Attorney for Plaintiff.

[Endorsed]: Filed Jan 21 1931 [7]

[Title of Court and Cause.]

DEMURRER

Come now the defendants in the above entitled cause, and demur to plaintiff's First Cause of Action therein upon the following grounds:

I.

Because it appears on the face of the said cause of action that the plaintiff's claim or demand is barred by the statute of limitations, in that, it appears that the supposed cause of action did not accrue to the said plaintiff at any time within four (4) years before the commencement of this action, and, for that reason, the said first cause of action does not state facts sufficient to constitute a cause of action against these defendants.

II.

Because it appears from said First Cause of Action in said complaint that if plaintiff ever

had a cause of action on account of the facts stated in the said First Cause of Action, that the same is barred by the four (4) year statute of limitations, in that, said action is based upon an instrument, in writing, executed without the State of Arizona, as provided by Subdivision 3, Section 2061, Revised Code of Arizona, 1928. [8]

SECOND CAUSE OF ACTION

Come now the defendants in the above entitled cause, and demur to plaintiff's Second Cause of Action therein, upon the following grounds:

I.

Because it appears on the face of the said cause of action that the plaintiff's claim or demand is barred by the statute of limitations, in that, it appears that the supposed cause of action did not accrue to the said plaintiff at any time within four (4) years before the commencement of this action, and, for that reason, the said second cause of action does not state facts sufficient to constitute a cause of action against these defendants.

II.

Because it appears from said Second Cause of Action in said complaint that if plaintiff ever had a cause of action on account of the facts stated in the said Second Cause of Action, that the same is barred by the four (4) year statute of limitations, in that, said action is based upon an instrument, in writing, executed without the State of Arizona,

as provided by Subdivision 3, Section 2061, Revised Code of Arizona, 1928.

WHEREFORE, defendants pray that said demurrers be sustained.

CHARLES L. RAWLINS

GEO. H. RAWLINS

W. E. BROOKS

Attorneys for Defendants

Globe, Arizona.

I hereby certify that in my opinion the foregoing demurrers are well-founded in point of law, and are not interposed for delay.

CHARLES L. RAWLINS

Attorney for Defendants.

Globe, Arizona.

[Endorsed]: Filed Mar 7 1931. [9]

[Title of Court.]

November 1930 Term

At Tucson

MINUTE ENTRY OF APRIL 27, 1931

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, Presiding.

[Title of Cause.]

ORDER SUSTAINING DEMURRER.

Defendants' Demurrer to Plaintiff's Complaint having heretofore been argued, submitted and by the Court taken under advisement, and the Court hav-

ing duly considered the same, and being fully advised in the premises,

IT IS ORDERED that said Defendants' Demurrer to Plaintiff's Complaint be, and the same is hereby sustained, and that an exception be entered on behalf of the Plaintiff.

IT IS FURTHER ORDERED that the Plaintiff be allowed twenty days from this date within which to amend his Complaint. [10]

[Title of Court and Cause.]

SECOND AMENDED COMPLAINT

Comes now the above named plaintiff, by GRAHAM FOSTER, his attorney, and complaining of the above named defendants, alleges:

FIRST CAUSE OF ACTION

I.

That plaintiff is a citizen of the State of Michigan; that defendants, HOVAL A. SMITH and CLEVE W. VAN DYKE, are citizens and residents of the State of Arizona; that plaintiff is not a citizen or resident of the state of which either of the defendants are citizens or residents; that the amount of the matter in controversy herein between plaintiff and defendants exceeds, exclusive of interest and costs, the sum or value of THREE THOUSAND (\$3,000.00) DOLLARS.

II.

That heretofore and on or about the 30th day of October, 1917, defendants for value received executed and delivered to plaintiff at Chicago, State of Illinois, their [11] certain promissory Note in writing, dated on that day at Chicago, Illinois, whereby they promised to pay to plaintiff the sum of FIVE THOUSAND (\$5,000.00) DOLLARS on or before the 30th day of December, 1918, at the St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, with interest thereon at the rate of six per cent (6%) per annum from the date of said note, and at the rate of seven per cent (7%) per annum from the date of maturity of said note if not paid when due, and a reasonable attorney's fee, should suit be brought thereon.

III.

That the following is a copy of the said Promissory Note:

\$5,000.00 Chicago, Illinois, October 30, 1917.

On or before December 30, 1918, for value received, I or we, jointly and severally promise to pay to the order of BASCOM PARKER, at THE St. ANSGAR BANK OF BRUSH, LUBIENS & ANNIS, at its office in St. Ansgar, Iowa, FIVE THOUSAND DOLLARS, with interest from date at Six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may

be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

No. 23716 (SGD) HOVAL A. SMITH
P. O. Miami, Ariz. CLEVE W. VAN DYKE
and Chicago

ENDORSED: April 14th, 1927, paid

hereon by check \$500.00

June 13th, 1927, paid hereon by
check,

\$500.00

[12]

IV.

That thereafter and on or about the 1st day of January, 1927, the defendant, CLEVE W. VAN DYKE, acknowledged the justness of the claim of the plaintiff upon said Promissory Note in a writing signed by him.

V.

That the following is a copy of said writing referred to in the preceding paragraph:

January 1, 1927

Mr. Hoval A. Smith

Care Senator Ralph H. Cameron,

Senate Office Building,

Washington, D. C.

My dear Hoval:

Mr. Bascom Parker, of Niles, Michigan, arrived in Miami a few days ago asking the set-

tlement of two notes of \$5,000 each, given to him Chicago August 30, 1917, in payment for his stock in the Calhoun Timber Company. You will recall this deal.

This stock was purchased for the remaining stockholders of the company at the request of Mr. H. C. Olcott, acting for the trustees of the bondholders of the Calhoun Timber Company. The amount to be paid for this stock was \$50,000; \$25,000 of which was to be in Calhoun Timber Company bonds which were owned by the Calhoun Timber Company and \$10,000 in cash, and \$15,000 in three \$5,000 notes. These notes were to be the joint obligation of yourself, Mr. Lubiens and myself. The cash paid to Mr. Parker was a check against the \$100,000 fund in the St. Ansgar Bank which we had borrowed from Thomas F. Cole, of New York. These notes were to have been paid when due. One of them came due in the following June and was sent out to me to Miami for collection. I paid this note. The two other notes have never been paid and form the basis of a demand on the part of Mr. Parker for payment at this time.

The stock was delivered and was transferred on the books of the company. One third of the stock was delivered to yourself, one third to R. C. Lubiens, and one third to myself. After the company became defunct the \$100,000 owed to Thomas F. Cole became due and as you know

I have paid this sum, so that puts me now in the [13] position of having paid \$15,000 or the \$25,000 that was owing to Mr. Parker. After the first note was paid the other two notes were taken over by the St. Ansgar Bank, through Lubiens. Later on one of them was sent to me for collection by the St. Ansgar Bank. I refused to pay the same at the time because I had already paid the share due from me and later I paid a further sum of \$10,000 which was the original cash paid to Mr. Parker.

The notes were returned to the St. Ansgar Bank from the Gila Valley Bank of Miami, the bank to whom they were sent for collection. The refusal was based upon the grounds that I did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due, as I had paid by share in full.

Later on there were some differences between the St. Ansgar Bank on this Calhoun Timber Company matter and yourself and myself. Mr. Lubiens, who was the treasurer of the company, and who was mutually trusted by us at the time, and gathered together a lot of notes which he had placed in the bank and which had been signed by us at various times, and for which he had received no consideration and for which the Calhoun Timber Company had received no consideration. In my opinion at the time this matter was brought to my attention

by you and by Mr. Salisbury, the whole matter was a fraud and that the bank could not hold me for any amount.

Time went on and at your insistence an agreement was reached between ourselves and the St. Ansgar Bank. In order to avoid litigation we agreed to a settlement between the bank and ourselves with the understanding that all notes and obligations were to be included within this settlement. No notice has ever been received by me from the Bank of St. Ansgar or Mr. Lubiens that they had not taken up these notes when they were refused payment by me for the cause stated above. I was under the impression that Mr. Lubiens and bank, having been notified by me that it was their obligation, had assumed these notes and that they were still held by them and was part of the consideration upon which our settlement was based. What was my surprise to learn the other day upon the arrival of Mr. Parker that the bank, instead of including these notes in our settlement as I presumed was being done, had returned the notes to Mr. Parker unpaid. And now Mr. Parker has presented these notes to me for payment.

Now Hoval, I have tried to be patient in this matter, I have tried to be fair; I have assumed more than my share of the obligation of this disastrous enterprise. I have carried the load for you; I have carried the load for

the bank and had paid out practically all the cash money that has been paid out since the final crash of the company. I have secured not one nickel or one dime [14] in salvage from the company and I have gone so far as to pay the \$100,000 to Mr. Cole which was a joint obligation of yourself, the bank and myself.

I presumed the bank was trying to adjust this thing fairly and on a basis of equity and trying to clear up a nasty mess. When Mr. Parker arrived I explained to him fully what my relationship to the bank was on these matters. I told him that we now have due and payable a note to them of \$10,000. He has notified me that we must not make this payment to the bank until his matter is adjusted.

I am writing you to inform you of the situation. I request now that you feel obliged to Mr. Parker to fulfill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted, in other words I request that you, upon your return to Arizona, stop at St. Ansgar, see Mr. Salisbury and present this matter to him. Mr. Parker would have levied upon this payment that we were about to make to the bank of St. Ansgar had I not stipulated to him as stated above. I suggest that you now have a definite understanding with Mr. Salisbury in reference to this matter. I expect them to treat Mr. Parker as fairly as I have treated them.

Our agreement with Mr. Parker was definite. Our arrangement among ourselves was well understood and Mr. Parker is only asking for his rights and what is legitimate. The fact of the matter is I am very much surprised indeed at the action taken by the bank in this matter, especially after the settlement that has been made between them and us. We were trying to seek a way out of our difficulties and the way out unloaded over a quarter of a million dollars of obligations upon myself, which, while it is unfair, was arranged in order to avoid troublesome litigation and a long period of contest and fighting. As you know, we discussed the matter and we decided that it would take a large sum of money and a long time to work out this litigation. My health was poor, your affairs were involved, times were hard and we felt that we might better make an amicable settlement rather than seek our dues in the court. It may be that Mr. Salisbury does not know about this situation, and if he does not, you should apprise him of it and clarify it as soon as possible.

With kindest personal regards, I am

Yours very truly

CLEVE W. VAN DYKE

[15]

VI.

That the notes referred to in the first paragraph of said writing are the notes set forth in this Sec-

ond Amended Complaint; the one being set forth in the first cause of action herein and the other being set forth in the second cause of action. That the date August 30, 1917, in said writing was a typographical error and should have been October 30, 1917. That the said defendant, CLEVE W. VAN DYKE, referred to and intended to refer to the notes as set forth in this Second Amended Complaint.

VII.

That at said time both of said defendants were without the limits of the State of Arizona; that the defendant, HOVAL A. SMITH, was without the limits of said state for all of said year; that the defendant, CLEVE W. VAN DYKE, was without the limits of said state during said year until approximately September 15, 1927; that he was without the limits of said state for more than nine months during said year; that he was without the limits of said state for more than six months during the year 1928, and for more than four months during the year 1930 prior to August 1st of said year.

VIII.

That thereafter and on or about the 14th day of April, 1927, the defendants paid to plaintiff the sum of FIVE HUNDRED (\$500.00) DOLLARS, on account of said Promissory Note; that thereafter and on or about the 13th day of June, 1927, defendants paid plaintiff the further sum of FIVE HUNDRED (\$500.00) DOLLARS, on

account of said Promissory Note; that [16] said payments were made to plaintiff in the State of Michigan.

IX.

That plaintiff is the owner and holder of said note; that no part thereof has been paid except the above sums set forth; that One Thousand (\$1,000.00) Dollars is a reasonable attorney's fee for bringing suit on said note; that by reason of the aforesaid, there become due and owing by defendants to the plaintiff, the sum of Five Thousand (\$5,000.00) Dollars, with interest thereon at the rate of six per cent (6%) per annum, from the 30th day of October, 1917, to the 30th day of December, 1918, and at the rate of Seven per cent (7%) per annum thereafter, besides the sum of One Thousand (\$1,000.00) Dollars as an attorney's fee as aforesaid; that no part thereof has been paid except the two payments of Five Hundred (\$500.00) Dollars each, leaving a balance due plaintiff by defendants as of the 30th day of December 1930 of Nine Thousand Five Hundred Fifty (\$9,550.00) Dollars.

SECOND CAUSE OF ACTION

I.

Plaintiff repeats and re-alleges each and every allegation set forth in paragraph No. I of the First Cause of Action to the same force and effect as if set forth herein verbatim. [17]

II.

That heretofore and on or about the 30th day of October, 1917, defendants, for value received, executed and delivered to plaintiff at Chicago, State of Illinois, their certain Promissory Note in writing, dated on that day at Chicago, Illinois, whereby they promised to pay to plaintiff the sum of Five Thousand (\$5,000.00) Dollars on or before the 30th day of January, 1919, at the St. Ansgar Bank of Brush, Lubiens & Annis, at its office at St. Ansgar, Iowa, with interest from said date at the rate of six per cent (6%) per annum until maturity and at the rate of seven per cent (7%) per annum from the date of maturity of said note, if not paid when due, and a reasonable attorney's fee should suit be brought thereon.

III.

That the following is a copy of said Promissory Note:

\$5,000.00 Chicago, Illinois, Oct. 30, 1917

On or before June 30, 1919, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgd) HOVAL A. SMITH

CLEVE W. VAN DYKE

No. 5793

P. O. Bisbee, Ariz.

Miami, Arizona.

[Endorsed]: May 21st, 1927, paid hereon

by check, \$500.00

July 20th, 1927, by check, 500.00

[18]

IV.

The plaintiff repeats and re-alleges each and every allegation set forth in No. IV. of the First Cause of Action to the same force and effect as if set forth herein verbatim.

V.

Plaintiff repeats and re-alleges each and every allegation set forth in paragraphs No. V. and VI. of the First Cause of Action to the same force and effect as if set forth herein verbatim.

VI.

Plaintiff repeats and re-alleges each and every allegation set forth in paragraph No. VII of the First Cause of Action to the same force and effect as if set forth herein verbatim.

VII.

That thereafter and on or about the 21st day of May, 1927, the defendants paid to plaintiff the

sum of Five Hundred (\$500.00) Dollars, on account of said Promissory Note; that thereafter and on or about the 20th day of July, 1927, the defendants paid plaintiff the further sum of Five Hundred (\$500.00) Dollars, on account of said Promissory Note.

VIII.

That plaintiff is the owner and holder of said note; that no part thereof has been paid except the sums above set forth; that One Thousand (\$1,000.00) Dollars, is a reasonable fee for bringing suit on said note; that by reason of [19] the aforesaid, there became due and owing, by defendants to plaintiff, the sum of Five Thousand (\$5,000.00) Dollars, with interest thereon at the rate of six per cent (6%) per annum from the 30th day of October, 1917, to the 30th day of June, 1919, and at the rate of seven per cent (7%) per annum thereafter, besides the sum of One Thousand (\$1,000.000) Dollars as an attorney's fee as aforesaid; that no part thereof has been paid except the two payments of Five Hundred (\$500.00) Dollars each, leaving a balance due plaintiff by defendants, as of the 30th day of December, 1930, of Nine Thousand Five Hundred Twenty-five (\$9,525.00) Dollars.

WHEREFORE, plaintiff prays judgment against defendants for the sum of Nine Thousand Five Hundred Fifty (\$9,550.00) Dollars, besides interest, on Five Thousand (\$5,000.00) Dollars, at the rate of seven per cent (7%) per annum from the

30th day of December, 1930, to the entry of Judgment herein as set forth in the First Cause of Action; and for the sum of Nine Thousand Five Hundred Twenty Five (\$9,525.00) Dollars, with interest on Five Thousand (\$5,000.00) Dollars, at the rate of seven per cent (7%) per annum from the 30th day of December, 1930, to the date of the entry of Judgment herein as set forth in the Second Cause of Action; besides his costs in this cause incurred, and for interest upon said Judgment at the rate of seven per cent (7%) per annum until paid.

GRAHAM FOSTER

Attorney for Plaintiff. [20]

[Endorsed]: Due and timely service of copy of the Second Amended Complaint is hereby admitted this 25 day of August, 1931.

CHAS. L. RAWLINS

Attorney for Defendants.

[Endorsed]: Filed Aug. 26, 1931.

[Endorsed]: Pltf's. Exhibit No. 6, (Notes set out on pages 2 and 8) Admitted and filed Jun 2, 1933.

J. LEE BAKER, Clerk. [21]

[Title of Court and Cause.]

DEMURRER TO FIRST AND SECOND CAUSE
OF ACTION OF PLAINTIFF'S SECOND
AMENDED COMPLAINT.

Come now the defendants in the above entitled action, and without waiving their rights under their

motion to strike plaintiff's Second Amended Complaint, demur to plaintiff's First Cause of Action of the Second Amended Complaint filed herein, upon the following grounds:

I.

That the said First Cause of Action does not state facts sufficient to constitute a cause of action against the said defendants, or either of them.

II.

Because it appears on the face of said First Cause of Action that the plaintiff's claim or demand is barred by the statute of limitations of this State, to-wit: The provisions of Section 2061, Sub-Division 3, Arizona Civil Code, 1928; in that, it appears that the alleged cause of action did not accrue to the said plaintiff at any time within four years before the commencement of this action, and, for that reason, the said First Cause of Action does not state facts sufficient to constitute a cause of action against these defendants. [22]

III.

Because it appears from said First Cause of Action in said Second Amended Complaint, that if plaintiff ever had a cause of action on account of the facts stated in the said First Cause of Action, that the same is barred by the provisions of Section 2061, Sub-Division 3, Arizona Civil Code, 1928; in that, said action is based upon an instrument in writing executed without the State of Arizona, and

said action was not commenced and prosecuted upon said instrument within four years after the cause of action accrued thereon, as required by the provisions of said Section 2061, Sub-Division 3 thereof.

SECOND CAUSE OF ACTION

Come now the defendants in the above entitled action, and demur to plaintiff's Second Cause of Action of the Second Amended Complaint filed herein, upon the following grounds:

I.

That the said Second Cause of Action does not state facts sufficient to constitute a cause of action against the said defendants, or either of them.

II.

Because it appears on the face of said Second Cause of Action that the plaintiff's claim or demand is barred by the statute of limitations of this State, to-wit: The provisions of Section 2061, Sub-Division 3, Arizona Civil Code, 1928; in that, it appears that the alleged cause of action did not accrue to the said plaintiff at any time within four years before the commencement of this action, and, for that reason, the said Second Cause of Action does not state facts sufficient to constitute a cause of action against these defendants.

III.

Because it appears from said Second Cause of Action in said Second Amended Complaint, that

if plaintiff ever had a [23] cause of action on account of the facts stated in the said Second Cause of Action, that the same is barred by the provisions of Section 2061, Sub-Division 3, Arizona Civil Code, 1928; in that, said action is based upon an instrument in writing executed without the State of Arizona, and said action was not commenced and prosecuted upon said instrument within four years after the cause of action accrued thereon, as required by the provisions of said Section 2061, Sub-Division 3 thereof.

WHEREFORE, defendants pray that said demurrers be sustained, and that said action be dismissed.

CHARLES L. RAWLINS

W. E. BROOKS

GEO. H. RAWLINS

Attorneys for Defendants.

I hereby certify that, in my opinion, the foregoing Demurrers are well-founded in point of law, and are not interposed for delay.

CHARLES L. RAWLINS

Attorney for Defendants.

[Endorsed]: Service of a copy of the within Demurrer accepted this 28 day of August, A. D., 1931.

GRAHAM FOSTER

Attorney for Plaintiff.

[Endorsed]: Filed Aug. 31, 1931. [24]

[Title of Court.]

May 1932 Term

At Tucson

MINUTE ENTRY OF JUNE 17, 1932

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, presiding.

[Title of Cause.]

RULING ON DEMURRER.

Defendants' Demurrer to the Second Amended Complaint having heretofore been argued, submitted and by the Court taken under advisement, and the Court having duly considered the same, and being fully advised in the premises,

IT IS ORDERED that said Demurrer to the Second Amended Complaint be, and the same is hereby sustained as to the defendant, Hoval A. Smith, and overruled as to the defendant, Cleve W. Van Dyke, and that exceptions be entered on behalf of the plaintiff and the defendant Cleve W. Van Dyke. [25]

[Title of Court and Cause.]

MEMORANDUM RULING.

GRAHAM FOSTER, Esq., Attorneys for Plaintiff;
CHARLES L. RAWLINS, Esq., W. E. BROOKS,
Esq., and GEORGE H. RAWLINS, Esq., At-
torneys for Defendants.

The complaint filed January 21, 1931 shows that

defendants, citizens of Arizona, executed two promissory notes dated at Chicago, Illinois, October 30, 1917, in the principal sum of \$5,000.00 each, payable to plaintiff, a citizen of Michigan, at St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa; that one of said notes became due and payable on December 30, 1918 on which two payments by check of \$500.00 each, made April 14, 1927 and June 13, 1927 are endorsed thereon, and that the other note became due and payable June 30, 1919, on which two payments by check of \$500.00 each, made May 21, 1927 and July 20, 1927, are endorsed thereon. The amended complaint sets forth a copy of a lengthy letter of date January 1, 1927 written by defendant Van Dyke to defendant Smith at Washington, D. C., and alleged to be an acknowledgment of the justness of plaintiff's claim against said defendants on said notes. Absence of the defendants from Arizona (at intervals) since the date of said letter is also alleged. A demurrer to the complaint based on the four year statute of limitations of Arizona on written instruments executed without the state, has been interposed.

Generally in respect to the limitation of actions the law [26] of the forum governs. 37 Corpus Juris, p. 729; 12 Corpus Juris, p. 447.

State statutes of limitation are controlling on the Federal Courts in actions at law instituted in such courts, and the Federal Courts follow the construction given by the highest court of the state to such statutes, such statutes being regarded as "laws of

the several states", which must be regarded as rules of decisions in trials at law within the meaning of Title 28 U. S. C. A., Section 725 (R. S. 721). Note 111 Title 28, Sec. 725 for list of cases.

Sec. 2061 Revised Code of Arizona, 1928, provides as follows:

"There shall be commenced and prosecuted within four years after the cause of action shall have accrued and not afterwards the following actions: x x 3 x x upon an instrument in writing executed without the state."

The notes matured and the causes of action thereon accrued December 30, 1918 and June 30, 1919, respectively. Action was not commenced in this court until after the expiration of more than eleven years after the notes became due. Subdivision 3 of said Section 2061 is a bar to action on the notes in the Arizona courts, state and federal, unless the payments thereon, as alleged, or the letter of date January 1, 1927, served to revise the causes of action on the notes, or to set the statutes of limitations running anew.

The notes are expressly payable in Iowa and the causes of action thereon accrued there. Where a note is executed in one state and made payable in another, the general rule is that it is governed as to its nature, validity, interpretation and effect by the laws of the state in which it is payable without regard to the place where it was written, signed or dated, it being presumed that the parties contracted with reference to that place. 8 Corpus Juris, 92;

Joffe v. Bonn, 14 Fed. (2d), 50; *Abt v. American Trust and Savings Bank*, 42 N. E. 856 (Ill.), 50 Am. State Reports, 175 (drafts drawn in Illinois on a New York bank are payable there.)

Section 11018, Code of Iowa, 1927, provides as follows:

“Causes of action founded on contract are revived by an admission in writing, signed by the party to be charged that the debt is unpaid, or by a like new promise to pay the same.” [27]

Under the Iowa statute the common-law rule by which the partial payment of a claim operated to set the period of limitation running anew has been abrogated. *Kleis v. McGrath*, 103 N. W. 371; *Henneman v. Tabor*, 200 N. W. 218. (Payment of interest). The payments endorsed on the notes were ineffectual to arrest the running of the statute.

It therefore remains to determine the effect, if any, of the letter alleged to have been written by Mr. Van Dyke to Mr. Smith on January 1, 1927, the pertinent portions of which are quoted as follows:

“Mr. Bascom Parker of Niles, Michigan, arrived in Miami a few days ago asking settlement of the two notes of \$5,000.00 each, given to him at Chicago, August 30, 1917, in payment of his stock in the Calhoun Timber Company”
x x x x — (\$50,000.00; \$25,000.00 in bonds of the company, \$10,000.00 in cash and \$15,000.00 in three \$5,000.00 notes) — “These notes were to be the joint obligation of yourself, Mr. Lu-

biens and myself” x x x x — “These notes were to have been paid when due. One of the notes became due in the following June and was sent out to me to Miami for collection. I paid this note. The two other notes have never been paid and form the basis of a demand on the part of Mr. Parker for payment at this time” x x x x—
“After the first note was paid, the other two notes were taken over by the St. Ansgar Bank, through Lubiens. Later on one of them was sent over to me for collection by the St. Ansgar Bank. I refused to pay the same at the time because I had already paid the share due from me, and later I paid a further sum of \$10,000.00 which was the original cash paid to Mr. Parker. The notes were returned to the St. Ansgar Bank from the Valley Bank of Miami, the bank to whom they were sent for collection. This refusal was based on the grounds that I did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due as I had paid my share in full” x x x x (Here follows a recital of some differences between the bank and the defendants, and of transactions of the bank concerning various notes signed by the defendants, which, in the opinion of the writer,—“the whole matter was a fraud and that the bank could not hold me for the amount” x x x — (Here follows a recital of a settlement with the bank in which all of the notes were to be included in the same and as-

sumed by the bank). x x x x — “What was my surprise to learn x x x x that the bank instead of including these notes in our settlement as I presumed was being done, had returned the notes to Mr. Parker unpaid” x x x x — (Here follows a recital that the writer had assumed more than his share of the enterprise and had carried the load for Smith and the bank and had paid out all of the cash and presumed that the bank was trying to adjust the thing fairly.) — “When Mr. Parker arrived I explained to him fully what my relationship to the bank was in those matters. I told him that we now have due and payable a note to them of \$10,000. He has notified me that we must not make this payment to the bank until this matter is adjusted. I am writing you to inform you of the situation. I request now that you feel [28] obligated to Mr. Parker to fulfill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted; in other words, I request that you upon your return to Arizona, stop at St. Ansgar, see Mr. Salisbury and present the matter to him. Mr. Parker would have levied upon this payment that we were about to make to the Bank of St. Ansgar had I not stipulated to him as stated above. I suggest that you now have a definite understanding with Mr. Salisbury in reference to this matter. I expect then to treat Mr. Parker as fairly as I have treated them. Our agreement

with Mr. Parker was definite; our arrangement among ourselves was well understood and Mr. Parker is only asking for his rights and what is legitimate. The fact of the matter is I am very much surprised indeed at the action of the bank in this matter, especially after the settlement that had been made between them and us." — (Here follows a recital of efforts to avoid litigation on indebtedness of over a quarter million dollars.) x x x x

Cleve W. Van Dyke

In the early case of *Mahone v. Cooley*, 36 Iowa, 483, the Court holds. "The admission of the debt alone is sufficient. It is not regarded as a contract, but is merely a written declaration that the debt is not paid. It is unnecessary that the name of the party to whom made should appear therein. The only object of the law is to secure written evidence attested by the signature of the debtor that the debt is not paid. This is accomplished by a written admission, although it does not show to whom it was made."

It is not necessary, in order to revive a cause of action, that there be both an admission that the debt is not paid and a new promise to pay it, but either is sufficient. *Nelson v. Hanson*, 60 N. W. 655; *Stewart v. McFarland*, 50 N. W. 221; *Senninger v. Rowley*, 116 N. W. 695.

That the admission of the debt alone is sufficient. *Will v. Marker*, 98 N. W. 487; *Doran v. Doran*, 123 N. W. 996.

The admission need not be an express one,—it is enough if it clearly and unequivocally refers to the instrument in suit, and clearly admits that it is unpaid. *Will v. Marker*, *supra*.

In *Senninger v. Rowley*, *supra*, the Court says: “To have the effect of an admission within our statute, it is not required that the writing specifically describe the debt or mention its exact amount, but the identification of the debt and of the amount due may be shown by extrinsic evidence. These rules are too well established to call for a review of the authorities.” [29]

It is only necessary that the admission which will revive the action appear with reasonable certainty to relate to the debt in question. Such admission need not be made to the creditor. (Citing cases holding the admission to stranger may be effectual.) *Doran v. Doran*, *supra*.

In *Bakey v. Moeller*, 171 N. W. 289, the court compiles the Iowa cases that hold the writing must, by its terms, either admit or promise to pay some indebtedness of the writer, and that the writing need not, however, specifically identify the indebtedness as that upon which suit is based, and that this may be established by extrinsic evidence. This decision also differentiates the Iowa cases in which the writing was held sufficient from admission held insufficient, pointing out that in each of the former there is a specific reference to a note.

Two New Mexico cases pass upon the sufficiency of an admission under the New Mexico statute, (Comp. Laws, 2926, now Chap. 83-111, 1929) which

has been held to be a copy of the Iowa statute, (Sec. 11018). The court, in *Cleland v. Mostetter*, 79 Pac. 801, reviews the Iowa decisions, and differentiates the sufficiency of an admission or acknowledgment under the Iowa and New Mexico statute, and the Maryland common-law statute, construed in *Shepherd v. Thompson*, 122 U. S. 232, 7 Sup. Ct. 1229, 30 L. Ed. 1156, in which the court held that the mere acknowledgment of a debt is not sufficient, and points out that New Mexico and Iowa belong to a group of jurisdictions wherein the common-law rule has been modified, and in which it is not necessary that the acknowledgment shall imply a promise to pay; that under the New Mexico and Iowa statutes, an admission of a debt and existing liability is sufficient, even though it is accompanied by words which repel any implication of such a promise.

In *Joyce-Pruitt Co. v. Meadows*, (N. M.) 203 Pac. 537, the statement of a debtor in his deposition in a former suit that he knew that the debt evidenced by the note sued upon was unpaid was held sufficient. The court holds that the cause of action is revived by the admission alone, and that the admission need not in terms imply a promise or willingness to pay. A definite admission that [30] the debt is unpaid revives the cause of action, irrespective of the intention of the debtor as to payment. It was contended in this case that the admission was ineffective because not made to the creditor, which the court says is an attempt to impose a condition not provided by the statute, citing *Doran v. Doran*, *supra*, as in point.

Mr. Van Dyke states in letter of date January 1, 1927, to Mr. Smith, that Mr. Parker asks settlement of two notes of \$5,000.00 each, given to Mr. Parker at Chicago, August 30, 1917; that three notes were given to Mr. Parker which were to be the joint obligation of Mr. Smith, Mr. Lubiens and Mr. Van Dyke; that Mr. Van Dyke paid one of the notes, and that the other two have never been paid, and form the basis of Mr. Parker's demand; that the agreement with Mr. Parker was definite and that he is only asking for his rights, and what is legitimate.

Irrespective of the statements in the letter of Mr. Van Dyke's reasons for refusing to pay the notes, or of the assumption of the payment of the same by others, his admission is clear and unequivocal that the two notes for \$5,000.00 each, given to Mr. Parker in payment for his stock in the Calhoun Lumber Company are unpaid.

It is clear that the statement signed by Mr. Van Dyke constitutes, as to him, sufficient admission under the statute of Iowa, as interpreted by the courts of that state, to revive the debt, or to set the statute running anew on the notes on which action has been instituted in this court.

The demurrer has been interposed in behalf of both defendants. The acknowledgment by one of several joint debtors will not interrupt the statute of limitations as to the others. 37 Corpus Juris, 1131, Sec. 608.

The demurrer is sustained as to the defendant Smith, and is overruled as to the defendant Van Dyke.

And it is so ordered.

ALBERT M. SAMES,
Judge District Court.

[Endorsed]: Filed Jun. 17, 1932. [31]

[Title of Court and Cause.]

ANSWER.

Comes now the defendant Cleve W. Van Dyke, and answering the complaint of the plaintiff herein alleges:

I.

Denies each and every allegation, matter and thing in said complaint contained.

WHEREFORE, defendant prays that the plaintiff take nothing by his cause of action, and that he have his costs.

CHARLES L. RAWLINS
WM. E. BROOKS
GEO. H. RAWLINS

[Endorsed]: Filed Nov. 15, 1932. [32]

[Title of Court and Cause.]

MOTION FOR REHEARING ON THE
DEMURRER.

Comes now the defendant Cleve W. Van Dyke by his attorneys of record and moves this Court that a rehearing be granted upon the Demurrer to First and Second Cause of Action of Plaintiff's Second Amended Complaint for the following reasons:

I.

That a written acknowledgment sufficient to revive the causes of action on the notes, or to set the statute of limitations running anew, must not only identify the debt with certainty but express a willingness to pay it. This doctrine has, since the filing of briefs, been announced by the Supreme Court of the State of Arizona.

II.

That under section 2061 of the 1928 Arizona Civil Code, the statute of limitations in Arizona began to run upon the accrual of the causes of action to wit: at the maturity date of the notes December 30, 1918 and June 30, 1919; and therefore this action was barred in this state four years thereafter on December 30, 1922 and June 30, 1923; and it is immaterial how long a period the notes may be sued upon in Iowa as this cause of action is [33] governed by the law of the forum to wit: section 2061, 1928 Arizona Civil Code.

WHEREFORE, the defendant prays that this

Court grant a rehearing upon the demurrer to first and second cause of action of plaintiff's second amended complaint.

CHAS. L. RAWLINS

WM. E. BROOKS

GEO. H. RAWLINS

Attorneys for defendant.

I, George H. Rawlins, one of the attorneys of record in the above entitled court and cause, hereby certify that in my opinion this is a meritorious motion and not for the purpose of delay.

GEORGE H. RAWLINS

Attorney for Defendant.

[Endorsed]: Filed Dec. 15, 1932. [34]

[Title of Court and Cause.]

OBJECTIONS TO MOTION FOR REHEARING
ON THE DEMURRER.

Now comes the above named plaintiff and objects to the granting of the motion heretofore filed by the defendant Cleve W. Van Dyke for rehearing of the demurrer to the first and second causes of action set forth in plaintiff's second amended complaint on the following grounds:

I.

That the Court has no jurisdiction or power to grant said motion for the reason that the term of court at which the order overruling the demurrer

was made had expired before the making of said motion and that the Court can not vacate or set aside its order overruling said demurrer after the expiration of the term at which said order was made.

II.

That the demurrer was fully heard on its merits after full argument and ruled on by the Court after full consideration.

III.

That the ruling of the Court in overruling said demurrer was correct.

KINGAN, DARNELL & NAVE
S. L. PATTEE

Attorneys for Plaintiff. [35]

AFFIDAVIT OF SERVICE OF COPY OF MOTION.

State of Arizona,
County of Pima.—ss.

George R. Darnell, being first duly sworn on oath, states: That he is one of the attorneys for plaintiff in the above entitled action; that on the 10th day of January, 1933; he mailed a copy of the attached objections to motion to attorneys for defendants, Rawlins and Rawlins, Luhrs Tower, Phoenix, Arizona, said copy being enclosed in an envelope addressed to said attorneys at said place, with postage fully prepaid thereon so that said copy in said envelope so contained would be carried by United States mail and delivered to said attorneys.

GEORGE R. DARNELL

Subscribed and sworn to before me this 10th day
of January, 1933.

[Seal]

ALBERTA GRAHAM

Notary Public.

My commission expires: Jan. 19, 1936.

[Endorsed]: Filed Jan. 10, 1933 [36]

[Title of Court.]

November 1932 Term

At Tucson

MINUTE ENTRY OF JANUARY 16, 1933

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, presiding.

[Title of Cause.]

ORDER DENYING MOTION FOR REHEAR-
ING ON DEMURRER.

Motion of the Defendant Cleve W. Van Dyke
for Rehearing on Demurrer to First and Second
Cause of Action of the Second Amended Complaint
comes on regularly for hearing this day.

George R. Darnell, Esquire, and Samuel L. Pat-
tee, Esquire, appear as counsel for the Plaintiff.
George H. Rawlins, Esquire, appears as counsel for
the Defendant, Cleve W. Van Dyke.

Argument is now had by respective counsel, and
IT IS ORDERED that said Motion of the De-

fendant Cleve W. Van Dyke for rehearing on Demurrer to First and Second Cause of Action of the Second Amended Complaint be, and the same is hereby denied, to which ruling and order of the Court the Defendant excepts.

Counsel for the respective parties now stipulate that this case may be set, in the absence of counsel, for trial at the next session of Court at Globe. [37]

[Title of Court and Cause.]

A MOTION FOR AN INSPECTION OF NOTES
SUED UPON.

Comes now the defendant, Cleve W. Van Dyke, by his attorneys of record, and moves this Court that the defendant and/or his attorneys be given an opportunity, at the earliest convenient date, to inspect the original of those two (2) certain instruments purporting to be promissory notes, one of which is contained in Paragraph (3) of the first cause of action in plaintiff's second amended complaint and the other of which is contained in Paragraph (3) of plaintiff's second cause of action in plaintiff's second amended complaint; one for the sum of Five Thousand (\$5,000.000) Dollars, bearing date Chicago, Illinois, October 30, 1917 and payable on or before December 30, 1918 at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa and bearing interest at the rate of six (6%) per cent per annum; and the other for

the sum of Five Thousand (\$5,000.00) Dollars, bearing date Chicago, Illinois, October 30, 1917, payable on or before June 30, 1919 at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa and bearing interest at the rate of six (6%) per cent, and signed by Hoval A. Smith and Cleve W. Van Dyke.

I.

That this defendant can not properly prepare an answer to plaintiff's second amended complaint until the defendant and/or [38] his attorneys have inspected the original of said notes for the purpose of ascertaining the authenticity of the signature attached thereto; and for the further reason of examining the dates contained in said notes.

WHEREFORE, defendant prays that this Court enter an Order requiring the plaintiff to produce, for inspection, at the earliest convenient time and at a convenient place, the original of those certain notes set out in Paragraph (3) of first cause of action in plaintiff's second amended complaint, and in Paragraph (3) of the second cause of action in plaintiff's second amended complaint.

CHAS. L. RAWLINS

GEO. H. RAWLINS

WM. E. BROOKS

Attorneys for Defendant.

[Endorsed]: Filed Feb. 21, 1933. [39]

[Title of Court and Cause.]

A MOTION FOR AN INSPECTION OF
LETTER.

Comes now the defendant, Cleve W. Van Dyke, by his attorneys of record, and moves this Court that the defendant and/or his attorneys be given an opportunity, at the earliest convenient date, to inspect the original of that certain alleged letter a copy of which is contained in Paragraph (5) of plaintiff's second amended complaint; said original letter being addressed to Mr. Hoval A. Smith, dated January 1, 1927 and signed by Cleve W. Van Dyke in accordance with Paragraph (4464) Revised Code of Arizona, 1928, for the following reasons:

I.

That this defendant can not properly prepare an answer to plaintiff's second amended complaint until the defendant and/or his attorneys have inspected the original of said letter for the purpose of ascertaining the authenticity of the signature attached thereto; and for the further reason of examining the dates contained in said letter as to whether or not there has been a typographical error as alleged in Paragraph (6) of plaintiff's second amended complaint.

WHEREFORE defendant prays that this Court enter an Order requiring the plaintiff to produce, for inspection, at the earliest [40] convenient time and at a convenient place, the original of that cer-

tain letter set out in Paragraph (5) of first cause of action in plaintiff's second amended complaint.

CHAS. L. RAWLINS

GEO. H. RAWLINS

WM. E. BROOKS

Attorneys for Defendant.

[Endorsed]: Filed Jan. 21, 1933. [41]

[Title of Court.]

November 1932 Term

At Tucson

MINUTE ENTRY OF JANUARY 30, 1933

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, presiding.

[Title of Cause.]

HEARING ON MOTION.

Motion of the defendant, Cleve W. Van Dyke, for an order requiring the plaintiff to produce for inspection the original letter set out in Paragraph (5) of first cause of action in the second amended complaint comes on regularly for hearing this day.

George R. Darnell, Esquire, appears as counsel for the plaintiff. No counsel appears for the defendants.

Said counsel for the plaintiff now states to the Court that the plaintiff is not in possession of the letter described in said motion but that he has a carbon copy thereof only, and consents to an inspection thereof by the defendant. Whereupon,

IT IS ORDERED that such copy be lodged in the office of the Clerk of this Court for the period

of twenty days from this date and that said defendant be permitted to inspect the same in said office. [42]

[Title of Court and Cause.]

AMENDED ANSWER.

Comes now the defendant and amending his answer to the second amended complaint of the plaintiff, alleges:

FIRST CAUSE OF ACTION.

I.

Answering the first cause of action defendant alleges that the first cause of action was commenced and prosecuted on the 21st day of January, 1931, by the filing of a complaint in the office of the Clerk of this Court in Tucson, Arizona, and the issuance of a summons thereon; and, that said cause of action accrued on the 30th of December, 1918, upon the maturing of said promissory note; said promissory note being a written instrument, made and payable without the State of Arizona; and, that this action was commenced and prosecuted more than four (4) years after this cause of action accrued upon a written instrument executed without the State of Arizona, and, therefore, defendant alleges that this cause of action is barred by the Statute of Limitations of the State of Arizona as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which is as follows:

“There shall be commenced and prosecuted within four years after the cause of action shall have accrued and not afterwards the following actions: * * * 3 * * * upon an instrument in writing executed without the State.” [43]

II.

Defendant denies each and every allegation, matter and thing contained in plaintiff's complaint.

III.

Defendant alleges for a further defense: that during the year of 1917, the defendant, Hoval A. Smith and R. C. Lubiens were engaged in the promotion and organization of a corporation for the purpose of operating certain properties in the State of Florida; and, that during said year Hoval A. Smith, R. C. Lubiens and this defendant agreed to purchase the interest of the plaintiff in said corporation, a part of the consideration for the purchase of the interest of the plaintiff was the sum of Fifteen Thousand (\$15,000.00) Dollars to be evidenced by three promissory notes for Five Thousand (\$5,000.00) Dollars each; and, that this plaintiff, Hoval A. Smith, R. C. Lubiens and this defendant agreed with each other that each of the purchasers should each pay the sum of Five Thousand (\$5,000.00) Dollars, with interest, and no more, all of which was well known to this plaintiff, and said plaintiff agreed to accept payment as herein set out; that thereafter, the said R. C. Lubiens declined to sign said notes for the reason that he was an active officer in a banking association in

the State of Iowa; and, that the defendant and Hoval A. Smith, at the request of the plaintiff and pursuant to said agreement, this defendant and said Hoval A. Smith, did sign and execute three (3) certain promissory notes for Five Thousand (\$5,000.00) Dollars each, payable to the plaintiff; and when said notes became due and payable the said Hoval A. Smith and the defendant failed to make payment; and thereafter, the plaintiff presented to the defendant and requested the payment of one of said notes which note this defendant did pay and the payment of this note, by this defendant, represented defendant's one-third of the purchase price of the plaintiff's interest in said business pursuant to the agreement as aforesaid; that thereafter, between [44] the 8th day of April, 1927 and the 14th day of April, 1927, in the City of Los Angeles, State of California, this plaintiff requested the payment of the two remaining notes by this defendant, at which time the defendant informed this plaintiff that the Statute of Limitations in Arizona had run against said notes and further, that he had paid his pro rata share of the purchase price of the plaintiff's interest in said business in Florida as aforesaid, pursuant to said agreement, all of which was then well known to this plaintiff; whereupon, the plaintiff represented to the defendant that he had been informed that the Statute of Limitations in Arizona had run against said notes and further urged and requested this defendant to make some payment on said remaining promissory notes as they were a total loss to the plaintiff, and that this plaintiff was in great need of money; whereupon the plaintiff pro-

posed that if the defendant would pay the plaintiff One Thousand (\$1,000.00) Dollars upon the principal amount of each note the plaintiff would accept the same in full payment, satisfaction, discharge and release of the defendant from all liability upon said promissory notes; and, that thereafter this defendant agreed to pay the said sum of One Thousand (\$1,000.00) Dollars upon the principal sum of said promissory notes in consideration of the plaintiff agreeing that said sum of One Thousand (\$1,000.00) Dollars upon the principal sum of said promissory notes be paid in installments of Five Hundred (\$500.00) Dollars each, payable every thirty (30) days; and, that this plaintiff did then and there accept said defendant's offer and the defendant would pay to the plaintiff the sum of One Thousand (\$1,000.00) Dollars on each note in installments of Five Hundred (\$500.00) Dollars, at the times and in the manner agreed upon and in accordance with the aforesaid agreement in full satisfaction, payment, discharge and release of said defendant on each of said notes, (as agreed upon by the defendant) as aforesaid, and said payments were received by this plaintiff under said agreement in [45] full payment, satisfaction, release and discharge of this defendant from all liability of every kind or nature upon, or growing out of the said promissory notes.

SECOND CAUSE OF ACTION.

I.

Answering the second cause of action defendant alleges that the second cause of action was com-

menced and prosecuted on the 21st day of January, 1931, by the filing of a complaint in the office of the Clerk of this Court in Tucson, Arizona, and the issuance of a summons thereon; and, that said cause of action accrued on the 30th day of June, 1919, upon the maturing of said promissory note, said promissory note being a written instrument, made and payable without the State of Arizona; and, that this action was commenced and prosecuted more than four (4) years after this cause of action accrued upon written instrument executed without the State of Arizona, and, therefore, defendant alleges that this cause of action is barred by the Statute of Limitations of the State of Arizona, as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which is as follows:

“There shall be commenced and prosecuted within four years after the cause of action shall have accrued and not afterwards the following actions: x x 3 x x upon an instrument in writing executed without the state.”

II.

Plaintiff repeats and re-alleges each and every allegation, matter and thing as set forth in Paragraph (2) of the defendant's answer to the first cause of action, to the same force and effect as if set forth herein verbatim.

III.

Plaintiff repeats and re-alleges each and every allegation, matter and thing as set forth in Paragraph

(3) of the [46] defendant's answer to the first cause of action, to the same force and effect as if set forth herein verbatim.

WHEREFORE, defendant prays that the plaintiff take nothing by his cause of action, and that the defendant have his costs expended herein.

CHAS. L. RAWLINS,

GEO. H. RAWLINS,

WM. E. BROOKS,

Attorneys for Defendant.

[Endorsed]: Filed Mar. 13, 1933. [47]

[Title of Court and Cause.]

PLAINTIFF'S REPLY.

Comes now the above named plaintiff and replying to the amended answer of the defendant, admits and denies as follows:

I.

Admits the allegation in paragraph I of the amended answer to the first cause of action to the effect that the first cause of action was commenced and prosecuted on the 21st day of January, 1931, by the filing of a complaint in the office of the Clerk of this Court in Tucson, Arizona, and the issuance of a summons thereon, but denies all other allegations contained in said paragraph I.

II.

Denies each and every allegation contained in paragraph III of defendant's answer to said first cause of action.

III.

Admits the allegation in paragraph I of defendant's amended answer to the second cause of action to the effect that the second cause of action was commenced and prosecuted on the 21st day of January, 1931, by the filing of a complaint in the office of the Clerk of this Court in Tucson, Arizona, and the issuance of a summons thereon, but denies all other allegations in said paragraph I contained. [48]

IV.

Denies each and every allegation contained in paragraph III of defendant's amended answer to plaintiff's second cause of action.

V.

Denies each and every allegation in said amended answer contained not herein and hereby specifically admitted.

WHEREFORE, plaintiff prays that defendant take nothing by reason of said amended answer, and that plaintiff have judgment and all further relief to the Court just and legal as prayed in plaintiff's second amended complaint.

S. L. PATTEE,

KINGAN, DARNELL & NAVE,

Attorneys for Plaintiff.

[Endorsed]: Filed Mar. 14, 1933. [49]

[Title of Court and Cause.]

WAIVER OF JURY.

The parties to the above entitled cause hereby waive trial by jury herein and submit the same for hearing and decision by the Honorable Albert M. Sames, Judge in said cause.

RAWLINS & RAWLINS,

WM. E. BROOKS,

Attorneys for Defendants.

S. L. PATTEE,

KINGAN, DARNELL & NAVE,

Attorneys for Plaintiff.

[Endorsed]: Filed Jun. 2, 1933. [50]

[Title of Court.]

May, 1933 Term

At Tucson

MINUTE ENTRY OF JUNE 2, 1933.

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, Presiding.

[Title of Cause.]

PROCEEDINGS OF TRIAL.

This case comes on regularly for trial this day before the Court sitting without a Jury, a Jury having been expressly waived upon the written stipulation of counsel heretofore filed herein.

The parties herein are present with their counsel. George R. Darnell, Esquire, and Samuel L. Pattee,

Esquire, appear as counsel for the Plaintiff and George H. Rawlins, Esquire, Charles L. Rawlins, Esquire and William E. Brooks, Esquire, appear as counsel on behalf of the Defendant.

Both sides announce ready for trial.

John W. Walker is now duly sworn to report the evidence in this case.

PLAINTIFF'S CASE:

Cleve W. Van Dyke is now sworn and examined on behalf of the Plaintiff under cross-examination.

The Plaintiff, Bascom Parker, is now sworn and examined in his own behalf.

Plaintiff's Exhibit 5, Depositions of Robert E. Proctor, Carson Parker, Annie Parker, Mary Riemer and Chloe Dinehart, is now admitted in evidence and read by counsel for the plaintiff.

On motion of George R. Darnell, Esquire, counsel for the Plaintiff, IT IS ORDERED that the Plaintiff be allowed to amend his complaint by interlineation to correctly show letter on pages three, four and five thereof as set out in the deposition of Robert E. Proctor.

And thereupon, at the hour of 11:55 o'clock A. M., IT IS ORDERED that the further trial of this case be continued to the hour of two o'clock [51] P. M. this date, to which time the parties and counsel are excused.

Subsequently, at the hour of two o'clock P. M., the parties and their respective counsel being present pursuant to recess, further proceedings of trial are had as follows:

PLAINTIFF'S CASE CONTINUED:

The following Plaintiff's witnesses are now sworn and examined:

Frances Giacomia

James R. Malott.

The Plaintiff, Bascom Parker, heretofore sworn is now recalled and further examined in his own behalf.

The following Plaintiff's exhibits are now admitted in evidence:

6, copies of notes sued upon herein, on pages two and eight of the second amended complaint.

4, copy of letter dated January 1, 1927 addressed to Hoval A. Smith from Cleve W. Van Dyke.

1, letter dated May 21, 1927, addressed to Bascom Parker, signed: Cleve W. Van Dyke.

2, letter dated June 13, 1927 addressed to Bascom Parker, signed: Cleve W. Van Dyke.

3, letter dated July 15, 1927 addressed to Bascom Parker, signed: Cleve W. Van Dyke.

Cleve Van Dyke, heretofore sworn is now recalled and further examined on behalf of the Plaintiff under cross-examination.

Whereupon, the Plaintiff rests.

DEFENDANT'S CASE:

The defendant, Cleve W. Van Dyke, heretofore sworn, is now called and examined in his own behalf.

And thereupon, at the hour of five o'clock P. M., IT IS ORDERED that the further trial of this case

be continued to Saturday, June 3, 1933 at the hour of 9:30 o'clock A. M., to which time the parties and counsel are excused. [52]

[Title of Court.]

May, 1933 Term

At Tucson

MINUTE ENTRY OF JUNE 3, 1935

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, Presiding.

[Title of Cause.]

FURTHER PROCEEDINGS OF TRIAL.

The parties and counsel are present pursuant to recess, and further proceedings of trial are had as follows:

DEFENDANT'S CASE CONTINUED:

The defendant, Cleve W. Van Dyke, heretofore sworn is now recalled and further examined in his own behalf.

The following defendant's witnesses are now sworn and examined:

L. D. Van Dyke.

Hoal A. Smith.

And the Defendant rests.

Counsel for the Defendant now moves for Judgment for the Defendant on all the facts, for the reason that the Plaintiff has failed to establish his cause of action and has failed to prove that the cause of action is not barred by the statute of limi-

tations plead in Defendant's Answer and has failed to prove that the Defendant ever signed any instrument in writing acknowledging the justness of the debt or that the debt is unpaid, and

IT IS ORDERED that said motion be submitted and by the Court taken under advisement.

REBUTTAL:

The Plaintiff, Bascom Parker, heretofore sworn is now recalled and further examined in his own behalf.

Thereupon, the Plaintiff rests. [53]

Both sides rest.

Whereupon, counsel for the Defendant now renews his motion for Judgment for the Defendant, and

IT IS ORDERED that said motion be submitted and by the Court taken under advisement.

Whereupon, IT IS ORDERED that this cause be submitted on briefs and by the Court taken under advisement, and

IT IS FURTHER ORDERED that the Plaintiff be allowed thirty days after filing of the Reporter's Transcript within which to file opening brief; that the Defendant be allowed thirty days thereafter within which to file answering brief and that the Plaintiff be allowed twenty days thereafter within which to file reply brief. [54]

[Title of Court.]

May 1934 Term

At Tucson

MINUTE ENTRY OF SEPTEMBER 15, 1934
(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, presiding.

[Title of Cause.]

This cause having been heretofore tried before the Court sitting without a Jury and submitted and by the Court taken under advisement, and the Court having duly considered the same and being fully advised in the premises,

IT IS ORDERED that the objection of the Defendant to admission of plaintiff's exhibit 4 herein be, and the same is hereby overruled, and that said Defendant's motion for judgment be, and the same is hereby denied, and

IT IS ORDERED that Judgment be entered in favor of the Plaintiff and against the Defendant, and that counsel for the Plaintiff prepare Findings of Fact, Conclusions of Law and Judgment for the signature of the Court in accordance with the Rules of this Court, and

IT IS FURTHER ORDERED that an exception be entered on behalf of the Defendant herein.

[55]

[Title of Court and Cause.]

PROPOSED SPECIAL FINDINGS OF FACT
AND CONCLUSIONS OF LAW.

This cause came on for trial before the above named Court sitting without a jury, a jury trial having been duly waived by the parties hereto, and was tried on the 2nd and 3rd days of June, 1933, the parties being present in person and by their counsel. The demurrer of the defendant Hoval A. Smith to the second amended complaint having been sustained and the action dismissed as against him, the cause proceeded as against the defendant Cleve W. Van Dyke, and the Court having considered the evidence both oral and documentary offered in behalf of the respective parties and having considered the arguments of counsel submitted in writing, makes the following special findings of fact and conclusions of law respecting the first cause of action set forth in the second amended complaint:

1. That the plaintiff is and was at the time of the commencement of this action a citizen and resident of the State of Michigan and that the defendant Cleve W. Van Dyke is and was at the time of the commencement of this action a citizen of the State of Arizona.

2. That the sum or value of the matter on controversy herein exceeds, exclusive of interest and costs, the sum of Three Thousand Dollars (\$3,000.00).

3. That on the 30th day of October, 1917, the defendants Cleve W. Van Dyke and Hoval A.

Smith made, executed and delivered [56] to the plaintiff their certain promissory note in writing, which note is in the words and figures following:

\$5,000.00

Chicago, Illinois,
October 30, 1917.

On or before December 30, 1918, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker, at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorneys' fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgd) HOVAL A. SMITH

CLEVE W. VAN DYKE

No. 23716

P. O. Miami, Ariz.

and Chicago.

[Endorsed]: April 14th, 1927, paid hereon
by check,

\$500.00

June 13th, 1927, paid hereon by check \$500.00
Said note was casually signed and dated at Chicago,

Illinois, but was payable at the bank therein named in the State of Iowa.

4. That said note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was and still is the owner and holder thereof, and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars (\$500.00) each at the dates set forth in the endorsements thereon.

5. That after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note and expressed a willingness to pay the same in a written instrument in the following words and figures:

January 1, 1927

Mr. Hoval A. Smith
care Senator Ralph H. Cameron,
Senate Office Building,
Washington, D. C. [57]

My dear Hoval:

Mr. Bascom Parker, of Niles, Michigan, arrived in Miami a few days ago asking the settlement of two notes of \$5,000 each, given to him Chicago August 30, 1917, in payment for his stock in the Calhoun Timber Company. You will recall this deal.

This stock was purchased for the remaining stockholders of the company at the request of Mr. H. C. Olcott, acting for the trustees of

the bondholders of the Calhoun Timber Company. The amount to be paid for this stock was \$50,000; \$25,000 of which was to be in Calhoun Timber Company bonds which were owned by the Calhoun Timber Company and \$10,000 in cash, and \$15,000 in three \$5,000 notes. These notes were to be the joint obligation of yourself, Mr. Lubiens and myself. The cash paid to Mr. Parker was a check against the \$100,000 fund in the St. Ansgar Bank which we had borrowed from Thomas F. Cole, of New York. These notes were to have been paid when due. One of them came due in the following June and was sent out to me to Miami for collection. I paid this note. The two other notes have never been paid and form the basis of a demand on the part of Mr. Parker at this time.

The stock was delivered and was transferred on the books of the company. One third of the stock was delivered to yourself, one third to R. C. Lubiens, and one third to myself. After the company became defunct the \$100,000 owed to Thomas F. Cole became due and as you know I have paid this sum, so that puts me now in the position of having paid \$15,000 or the \$25,000 that was owing to Mr. Parker. After the first note was paid the other two notes were taken over by the St. Ansgar Bank, through Lubiens. Later on one of them was sent to me for collection by the St. Ansgar Bank. I refused to pay the same at the time

because I had already paid the share due from me and later I paid a further sum of \$10,000 which was the original cash paid to Mr. Parker.

The notes were returned to the St. Ansgar Bank from the Gila Valley Bank of Miami, the bank to whom they were sent for collection. The refusal was based upon the grounds that I did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due, as I had paid my share in full.

Later on there were some differences between the St. Ansgar Bank on this Calhoun Timber Company matter and yourself and myself. Mr. Lubiens, who was the treasurer of the company, and who was mutually trusted by us at the time, had gathered together a lot of notes which he placed in the bank and which had been signed by us at various times, and for which we had received no consideration and for which the Calhoun Timber Company had received no consideration. In my opinion at the time this matter was brought to my attention by you and Mr. Salisbury, the whole matter was a fraud and that the bank could not hold me for any amount.

Time went on and at your insistence an agreement was reached between ourselves and the St. Ansgar Bank. In order to avoid litigation we agreed to a settlement between the bank and ourselves with the understanding

that all notes and obligations were to be included within this settlement. No notice has ever been received by me from the Bank of St. Ansgar or Mr. [58] Lubiens that they had not taken up these notes when they were refused payment by me for the cause stated above. I was under the impression that Mr. Lubiens and bank, having been notified by me that it was their obligation, had assumed these notes and that they were still held by them and was part of the consideration upon which our settlement was based. What was my surprise to learn the other day upon the arrival of Mr. Parker that the bank, instead of including these notes in our settlement as I presumed was being done, had returned the notes to Mr. Parker unpaid. And now Mr. Parker has presented these notes to me for payment.

Now, Hoval, I have tried to be patient in this matter, I have tried to be fair; I have assumed more than my share of of the obligation of this disastrous enterprise. I have carried the load for you; I have carried the load for the bank and had paid out practically all the cash money *was* has been paid out since the final crash of the company. I have secured not one nickel or one dime in salvage from the company and I have gone so far as to pay the \$100,000 to Mr. Cole which was a joint obligation of yourself, the bank and myself.

I presumed the bank was trying to adjust this thing fairly and on a basis of equity and trying to clear up a nasty mess. When Mr. Parker arrived I explained to him fully what my relationship to the bank was on these matters. I told him that we now have due and payable a note to them of \$10,000. He has notified me that we must not make this payment to the bank until his matter is adjusted.

I am writing you to inform you of the situation. I request now that you feel obligation to Mr. Parker to fulfill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted. In other words I request that you, upon your return to Arizona, stop at St. Ansgar, see Mr. Salisbury and present this matter to him. Mr. Parker would have levied upon this payment that we were about to make to the bank of St. Ansgar had I not stipulated to him as stated above. I suggest that you now have a definite understanding with Mr. Salisbury in reference to this matter. I expect them to treat Mr. Parker as fairly as I have treated them. Our agreement with Mr. Parker was definite. Our arrangement among ourselves was well understood and Mr. Parker is only asking for his rights and what is legitimate. The fact of the matter is I am very much surprised indeed at the action taken by the bank in this matter, especially after the settlement that has been made between them

and us. We were trying to seek a way out of our difficulties and the way out unloaded over a quarter of a million dollars of obligations upon myself, which, while it is unfair, was arranged in order to avoid troublesome litigation and a long period of contest and fighting. As you know, we discussed the matter and we decided that it would take a large sum of money and a long time to work out this litigation. My health was poor, your affairs were involved, times were hard and we felt that we might better make an amicable settlement rather than seek our dues in the court. It may be that Mr. Salisbury does not know about this situation, and if he does not, you should apprise him of it and clarify it as soon as possible.

With kindest personal regards, I am

Yours very truly,

CLEVE W. VAN DYKE. [59]

That the promissory note set forth in Finding 3 is one of the promissory notes mentioned and described in the foregoing instrument.

6. That immediately prior to the first day of January, 1927, the date upon which said instrument was written, the plaintiff presented said promissory note to the defendant Cleve W. Van Dyke and demanded payment thereof. That on said first day of January, 1927, the defendant Cleve W. Van Dyke in the presence of the plaintiff dictated to his secretary the instrument bearing date on that day and the same was taken down in shorthand and on

said day written out in typewriting and the name of the defendant Cleve W. Van Dyke was written at the end thereof in typewriting. As soon as the same had been written out in typewriting a carbon copy thereof was delivered by the said defendant Cleve W. Van Dyke to the plaintiff. That the said defendant Van Dyke informed the plaintiff that he intended to send the original or ribbon copy of said instrument to the defendant Hoval A. Smith, but in fact never did send it but retained it in his possession. That the said defendant Cleve W. Van Dyke intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same.

7. Thereafter and on the 14th day of April, 1927, the defendant Cleve W. Van Dyke paid the plaintiff upon the said note the sum of \$500.00, and on June 13th, 1927, paid the plaintiff on said note the further sum of \$500.00, making \$1,000.00 in all. That such payments were intended and agreed to be, and in fact were payments upon the promissory note aforesaid and not a sum agreed upon in settlement of any liability on said note.

8. That between the first day of January, 1927, and the time of the commencement of this action the defendant Cleve W. [60] Van Dyke was absent from the State of Arizona and in the State of California for different periods aggregating more than six months.

9. With respect to the second cause of action set forth in the complaint, Findings 1 and 2 re-

lating to the First Cause of Action are adopted without here repeating them.

10. That on the 30th day of October, 1917, the defendants, Cleve W. Van Dyke and Hoval A. Smith made, executed and delivered to the plaintiff their certain promissory note in writing, which note is in the words and figures following:

\$5,000.00

Chicago, Illinois,

Oct. 30, 1917

On or before June 30, 1919, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgn) HOVAL A. SMITH

CLEVE W. VAN DYKE

No. 5793

P. O. Bisbee, Ariz.

Miami, Arizona.

[Endorsed]: May 21st, 1927, paid hereon

by check

\$500.00

July 20th, 1927, by check

500.00

Said note was casually signed and dated at Chicago, Illinois, but was payable at the bank therein named in the State of Iowa.

11. That said note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was and still is the owner and holder thereof, and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars (\$500.00) each at the dates set forth in the endorsements thereon.

12. That after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note and expressed a [61] willingness to pay the same in the written instrument which is set forth in Finding No. 5 upon the First Cause of Action and is one of the promissory notes mentioned and described in said written instrument.

13. That immediately prior to the first day of January, 1927, the date upon which said instrument was written, the plaintiff presented said promissory note to the defendant Cleve W. Van Dyke and demanded payment thereof. That on said first day of January, 1927, the defendant Cleve W. Van Dyke in the presence of the plaintiff dictated to his secretary the instrument bearing date on that day and the same was taken down in shorthand and on said day written out in typewriting and the name of the defendant Cleve W. Van Dyke was written at

the end thereof in typewriting. As soon as the same had been written out in typewriting a carbon copy thereof was delivered by the said defendant Cleve W. Van Dyke to the plaintiff. That the said defendant Van Dyke informed the plaintiff that he intended to send the original or ribbon copy of said instrument to the defendant Hoval A. Smith, but in fact never did send it but retained it in his possession. That the said defendant Cleve W. Van Dyke intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same.

14. Thereafter and on the 14th day of April, 1927, the defendant Cleve W. Van Dyke paid the plaintiff upon said note the sum of \$500.00, and on June 13th, 1927, paid the plaintiff on said note the further sum of \$500.00, making \$1,000.000 in all. That such payments were intended and agreed to be and in fact were payments upon the promissory note aforesaid and not a sum agreed upon in settlement of any liability on said note.

15. That between the first day of January, 1927, and the time of the commencement of this action the defendant Cleve W. [62] Van Dyke was absent from the State of Arizona and in the State of California for different periods aggregating more than six months.

16. That both of said promissory notes were lost since the commencement of this action and the same

cannot be found after diligent search and inquiry, but that the evidence establishes the form and language of said notes as set forth in the foregoing findings.

17. The Court further finds that a reasonable attorneys' fee for the bringing of this action upon both of said notes and prosecuting the same to judgment on behalf of the plaintiff is the sum of Two Thousand Dollars (\$2,000.00).

As CONCLUSIONS OF LAW the Court Finds:

1. That the promissory notes set forth in the first and second cause of action are not, nor is either of them, barred by the statute of limitations of the State of Iowa or the State of Arizona, but that the same are now valid and subsisting obligations.

2. That the instrument dated January 1st, 1927, written and signed by the defendant Cleve W. Van Dyke is a sufficient memorandum in writing signed by the said defendants to arrest the running of the statute of limitations and to start the period of limitations to running anew.

3. That the absences of the defendant Cleve W. Van Dyke from the State of Arizona prevented the operation of the statute of limitations during the period of such absences, and that neither of said notes was barred by limitations.

4. That the plaintiff is entitled to judgment against the defendant Cleve W. Van Dyke for the sum of Ten Thousand Dollars (\$10,000.00), being

the principal of said two promissory notes, with interest at the rate of seven per cent (7%) per annum from the maturity thereof as therein provided until [63] paid, less the sum of One Thousand Dollars (\$1,000.00) paid upon each of said notes, and for a reasonable attorneys' fee in the amount fixed by the Court, and for the costs of this action.

Let judgment be entered accordingly.

Dated October, 1934.

United States District Judge,
District of Arizona.

[Endorsed]: Filed Oct. 2, 1934. [64]

[Title of Court and Cause.]

STIPULATION EXTENDING TIME FOR DEFENDANT CLEVE W. VAN DYKE TO FILE OBJECTIONS TO PROPOSED SPECIAL FINDINGS OF FACT AND CONCLUSIONS OF LAW.

IT IS STIPULATED by and between the attorneys for the plaintiff and Cleve W. Van Dyke, defendant in the above entitled matter, that the defendant may have up to and including the 19th day of October, 1934, to file objections to plaintiff's proposed Special Findings of Fact and Conclusions of Law.

Dated this 8th day of October, 1934.

DARNELL & NAVE,

S. L. PATTEE,

Attorneys for Plaintiff.

CHARLES L. RAWLINS,

GEO. H. RAWLINS,

THOMAS W. NEALON,

Attorneys for Defendant,

Cleve W. Van Dyke.

[Endorsed]: Filed Oct. 9, 1934. [65]

[Title of Court and Cause.]

ORDER EXTENDING TIME FOR DEFENDANT CLEVE W. VAN DYKE, TO FILE OBJECTIONS TO PROPOSED SPECIAL FINDINGS OF FACT AND CONCLUSIONS OF LAW.

UPON STIPULATION of the plaintiff and defendant, Cleve W. Van Dyke, acting by their respective attorneys,

IT IS HEREBY ORDERED that the defendant, Cleve W. Van Dyke, shall have up to and including the 19th day of October, 1934, to file objections to plaintiff's proposed Special Findings of Fact and Conclusions of Law in the above entitled matter.

Dated at Tucson, Arizona, this 10th day of October, 1934.

ALBERT M. SAMES,

United States District Judge.

[Endorsed]: Filed Oct. 10, 1934. [66]

[Title of Court and Cause.]

OBJECTIONS OF DEFENDANT CLEVE W.
VAN DYKE TO PLAINTIFF'S PROPOSED
SPECIAL FINDINGS OF FACT AND CON-
CLUSIONS OF LAW.

COMES NOW the defendant, Cleve W. Van Dyke, and files these, his objections to the proposed special Findings of Fact and Conclusions of Law filed by the plaintiff herein.

I.

This defendant objects to Finding of Fact numbered 3 upon the ground that the same does not show that said promissory note was delivered to the plaintiff herein at Chicago, Ill., on said October 30, 1917, and that said Finding of Fact should recite the delivery thereof to the plaintiff at Chicago, Ill. on that date.

II.

This defendant objects to Finding of Fact numbered 4, upon the ground that the same is not supported by the evidence nor by any evidence in that there is no evidence to sustain that part of the finding reading as follows:

“and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars (\$500.00) each at the dates set forth in the endorsements thereon.”

That on the contrary, the uncontradicted evidence shows that the payments made by the defendant Van

Dyke to plaintiff Parker were made in pursuance of an agreement and understanding entered into by and between them in the state of California, and the payments were made in settlement of all controversy between [67] them and as a matter of compromise; that therefore, this finding should be confined to the fact that the note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was the owner and holder thereof, but for a valuable consideration and as a matter of compromise plaintiff had released defendant Van Dyke from all liability thereon, said compromise having been entered into after the right to recover upon said instrument had been barred by the statutes of limitations of the state of Arizona.

III.

This defendant objects to that portion of proposed Finding of Fact numbered 5 reading as follows:

“That after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note and expressed a willingness to pay the same in a written instrument in the following words and figures: * * *”

upon the ground that the same is not sustained by any evidence and is contrary to the evidence; that the letter of January 1, 1927 contains neither an acknowledgment of the justness of the claim of plaintiff as of January 1, 1927, nor any implied or

express promise or willingness to pay the same, and therefore the finding in this respect is contrary to the evidence; that the evidence expressly shows that on January 1, 1927, plaintiff agreed that the defendant Van Dyke would pay no more notes to the St. Ansgar Bank until the St. Ansgar Bank took up the notes set up in plaintiff's amended complaint, and that this was the extent of the agreement between them, and was so understood and interpreted by the plaintiff herein and this defendant at the time that the instrument referred to in this Finding was dictated by this defendant; and this defendant further objects to that portion of proposed Finding of Fact numbered 5 setting up said instrument, upon the ground that [68] the instrument set up therein is not the same as the instrument introduced in evidence in that the instrument introduced in evidence was a carbon copy of an uncompleted original which had a blank space above the typewritten name of "Cleve Van Dyke" and the same was not signed by Cleve W. Van Dyke.

IV.

This defendant objects to proposed Finding of Fact numbered 6 in that the same is not sustained by the evidence and is contrary to the evidence in that said evidence shows that while said letter mentioned therein was written out in typewriting by the stenographer of defendant Cleve W. Van Dyke, that the stenographer left a blank space at the end of said letter after the words "Yours very truly" and above the typewritten name of "Cleve W. Van

Dyke", so that if said letter met with the approval of said defendant Van Dyke he could sign his name thereto in ink, and that the typist merely typed in the name "Cleve W. Van Dyke" under the space left for his signature as is customary in typing letters from dictation so that the recipient of a letter would have no trouble in reading the written signature thereto; that the original letter to Hoval A. Smith was never signed by the defendant Van Dyke, nor ever forwarded to said defendant Hoval A. Smith, and that by agreement between plaintiff and this defendant some telegram to said Hoval A. Smith was sent in place of the letter; that there is no evidence whatsoever that Cleve W. Van Dyke intended to adopt or did adopt his name as written in in typewriting at the foot of said instrument below the space left for his signature, as his signature, and he did not adopt, ratify or sign the same.

V.

This defendant objects to proposed Finding of Fact numbered 7 upon the ground that the same is not sustained by the [69] evidence, and that the evidence shows that this defendant on the 14th day of April, 1927, paid to the plaintiff herein the sum of \$500.00 and on June 13, 1927 paid the plaintiff a further sum of \$500.00 in settlement of all claims and liability on said note, the said note at that time having been barred by the statutes of limitations of the State of Arizona and for that reason this defendant paid said sum as a compromise of a dis-

puted liability, and that such payments were intended by the defendant and accepted by the plaintiff herein in full settlement of any liability of the defendant that might have existed upon said note.

VI.

This defendant objects to proposed Finding of Fact numbered 8 in that the same is incomplete and that the same should show that at all times since the 1st day of January, 1927, this defendant Cleve W. Van Dyke was and is a resident of the State of Arizona, and that at no time during said period was he a non-resident of the State of Arizona; that his absences from the state were at all times temporary visits to the state of California and that he had at all times during said period maintained his home in the town of Miami, State of Arizona.

VII.

This defendant objects to proposed Finding of Fact numbered 10 upon the ground that the same does not show that said promissory note was delivered to the plaintiff herein at Chicago, Ill., on said October 30, 1917, and that said Finding of Fact should recite the delivery thereof to the plaintiff at Chicago, Ill. on that date.

VIII.

This defendant objects to Finding of Fact numbered 11 upon the ground that the same is not supported by the evidence [70] nor by any evidence in

that there is no evidence to sustain that part of the finding reading as follows:

“and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars (\$500.00) each at the dates set forth in the endorsements thereon.”

That on the contrary, the uncontradicted evidence shows that the payments made by the defendant Van Dyke to plaintiff Parker were made in pursuance of an agreement and understanding entered into by and between them in the state of California, and the payments were made in settlement of all controversy between them and as a matter of compromise; that therefore, this finding should be confined to the fact that the note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was the owner and holder thereof, but for a valuable consideration and as a matter of compromise plaintiff had released defendant Van Dyke from all liability thereon, said compromise having been entered into after the right to recover upon said instrument had been barred by the statutes of limitations of the state of Arizona.

IX.

This defendant objects to proposed Finding of Fact numbered 12, upon the ground that the same is not sustained by any evidence and is contrary to the evidence; that the letter of January 1, 1927,

set up in plaintiff's proposed Finding No. 5, contains neither an acknowledgment of the justness of the claim of plaintiff as of January 1, 1927, nor any implied or express promise or willingness to pay the same, and therefore the finding in this respect is contrary to the evidence; that the evidence expressly shows that on January 1, 1927, plaintiff agreed that the defendant Van Dyke would pay no more notes to the St. Ansgar Bank until the St. Ansgar Bank took up the notes set up in plaintiff's amended Complaint, and that this was the extent of [71] the agreement between them, and was so understood and interpreted by the plaintiff herein and this defendant at the time that the instrument referred to in this finding was dictated by this defendant; and this defendant further objects to said proposed Finding of Fact numbered 12 upon the ground that the instrument referred to therein is not the same as the instrument introduced in evidence in that the instrument introduced in evidence was a carbon copy of an uncompleted original which had a blank space above the typewritten name of "Cleve W. Van Dyke" and the same was not signed by Cleve W. Van Dyke.

X.

This defendant objects to proposed Finding of Fact numbered 13 in that the same is not sustained by the evidence and is contrary to the evidence in that said evidence shows that while said letter mentioned therein was written out in typewriting by the stenographer of defendant Cleve W. Van Dyke,

that the stenographer left a blank space at the end of said letter after the words "Yours very truly" and above the typewritten name of "Cleve W. Van Dyke", so that if said letter met with the approval of said defendant Van Dyke he could sign his name thereto in ink, and that the typist merely typed in the name "Cleve W. Van Dyke" under the space left for his signature as is customary in typing letters from dictation so that the recipient of a letter would have no trouble in reading the written signature thereto; that the original letter to Hoval A. Smith was never signed by the defendant Van Dyke, nor ever forwarded to said defendant Hoval A. Smith, and that by agreement between plaintiff and this defendant some telegram to Hoval A. Smith was sent in place of the letter; that there is no evidence whatsoever that Cleve W. Van Dyke intended to adopt or did adopt his name as [72] written in in typewriting at the foot of said instrument below the space left for his signature, as his signature, and he did not adopt, ratify or sign the same.

XI.

This defendant objects to proposed Finding of Fact numbered 14 upon the ground that the same is not sustained by the evidence, and that the evidence shows that this defendant on the 21st day of May, 1927, paid to the plaintiff herein the sum of \$500.00 and on July 20, 1927 paid the plaintiff a further sum of \$500.00 in settlement of claims and liability on said note, the said note at that time having been

barred by the statutes of limitations of the State of Arizona and for that reason this defendant paid said sum as a compromise of a disputed liability, and that such payments were intended by the defendant and accepted by the plaintiff herein in full settlement of any liability of the defendant that might have existed upon said note.

XII.

This defendant objects to proposed Finding of Fact numbered 15 in that the same is incomplete and that the same should show that at all times since the 1st day of January, 1927, this defendant Cleve W. Van Dyke was and is a resident of the State of Arizona, and that at no time during said period was he a non-resident of the State of Arizona; that his absences from the state were at all times temporary visits to the state of California and that he had at all times during said period maintained his home in the town of Miami, State of Arizona.

XIII.

This defendant further objects to plaintiff's proposed findings of fact upon the ground that the same are incomplete and do not correctly present the facts proven by [73] the evidence introduced at the hearing, and that the findings of fact to be made by the court in this cause should include:

1. That the promissory notes set up in plaintiff's amended complaint were pledged by the plaintiff herein as security for a loan to the St. Ansgar Bank long prior to January 1, 1927, and that at that time were in possession of the St. Ans-

gar Bank as pledgee thereof to secure a loan made thereon by the plaintiff in this action; that when defendant Van Dyke made his settlement with said bank of transactions that had occurred between him and said bank theretofore, the said notes so pledged to the bank by the plaintiff were included in the settlement by Van Dyke, but the said bank failed to pay to the plaintiff any sums that might be due him above his loan as was provided for in Van Dyke's settlement with said bank.

2. That the original of the carbon copy of the letter set up in plaintiff's amended complaint was dictated to his stenographer by defendant Van Dyke and a blank space was left after the words "Yours very truly" and above the typewritten name "Cleve W. Van Dyke" so that the same might be signed by defendant Van Dyke if he so desired; that the original of the letter set up in plaintiff's amended complaint was never signed by defendant Van Dyke nor sent to Hoval A. Smith, but instead there was sent a telegram of some nature to Smith by Van Dyke; that defendant Van Dyke did not dictate his name to the stenographer as the same appears at the bottom of the carbon copy thereof; that the defendant Van Dyke never instructed his stenographer to sign his name by typewriter or otherwise to the original or carbon of the letter set up in plaintiff's amended complaint, nor did he ratify or adopt the said typewritten name as his signature. [74]

3. That the writing described in plaintiff's amended complaint dated January 1, 1927, and

purporting to be a carbon copy of an instrument written by the stenographer of the defendant Van Dyke was understood by the plaintiff as a recital of the terms of an oral agreement entered into between the defendant Van Dyke and plaintiff on that date, in which said defendant Van Dyke agreed with the plaintiff that he, Van Dyke, would pay no more money to the St. Ansgar Bank on any obligation of his (Van Dyke's) to the said St. Ansgar Bank until the said bank took up the two notes set up in plaintiff's amended Complaint, then pledged to the said St. Ansgar Bank as security for money loaned to the plaintiff by said bank; that the understanding of the defendant Van Dyke was the same as that of the plaintiff as expressed by the plaintiff in the following language: "Mr. Van Dyke agreed with me that he would not pay any of those notes at the St. Ansgar Bank until they took up my two notes".

4. That on January 1, 1927, defendant Van Dyke agreed with plaintiff that he, Van Dyke, would pay no more notes to the St. Ansgar Bank until the St. Ansgar Bank took up the two notes set up in plaintiff's amended complaint.

5. That at the time of the execution of the two notes set up in plaintiff's complaint and at all times thereafter up to and including the date of the filing of this action, defendant Van Dyke was and is a resident of the State of Arizona, and at no time subsequent to the 1st day of January, 1927, was he a non-resident of the state of Arizona. [75]

OBJECTIONS TO PLAINTIFF'S PROPOSED CONCLUSIONS OF LAW.

I.

Defendant, Cleve W. Van Dyke, objects to plaintiff's proposed Conclusion of Law numbered 1 upon the ground that it is dual and should be separate conclusions, and upon the ground that that part of Conclusion of Law numbered 1 to the effect that the promissory notes set forth in the first and second cause of action are not barred by the statute of limitations of the state of Iowa is erroneous in that the complaint shows upon its face that the action was not brought within the time prescribed by the statutes of Iowa for bringing such action, nor is there any allegation in the complaint that defendant Van Dyke was a non-resident of Arizona at any period prior to the bringing of said action; and upon the ground that the proposed conclusion of law to the effect that the action upon said promissory notes is not barred by the statute of limitations of the state of Arizona is erroneous in that it appears upon the face of the complaint and from the evidence that more than four years had expired prior to the accrual of the cause of action upon said promissory notes, and that therefore the same are barred by the statute of limitations of the state of Arizona, and particularly by Sections 2062 and 2068 of the Civil Code of Arizona, 1928.

II.

Defendant, Cleve W. Van Dyke, objects to plaintiff's proposed Conclusion of Law numbered 2 upon

the ground that the same is erroneous in stating that the instrument dated January 1, 1927, and set up in plaintiff's amended complaint, is a sufficient memorandum in writing to arrest the running of the statute of limitations and to start the period of limitations to running anew, in that said instrument was never written nor [76] signed by Cleve Van Dyke nor adopted nor ratified by him and was not ratified by him in writing, and the alleged signature thereto not having been signed or adopted by him the same does not constitute a memorandum in writing signed by the defendant within the meaning of Section 2068, Revised Code of Arizona, 1928, and the said instrument does not contain either an express or implied promise by the defendant Cleve W. Van Dyke that he would pay the alleged debt nor does it contain an acknowledgment of the justness of the alleged debt as of the time of the execution of said instrument, nor that it was a valid and subsisting obligation of his; nor does it express any willingness upon his part to pay the same.

III.

Defendant Cleve W. Van Dyke objects to proposed Conclusion of Law numbered 3 upon the ground that the same is erroneous in that none of the absences of defendant Van Dyke, nor all of them, would have the legal effect of perfecting the operation of the statute of limitations nor of extending the time for the bringing of the action herein, and that therefore said conclusion of law is totally unnecessary and improper.

IV.

Defendant Cleve W. Van Dyke objects to plaintiff's proposed Conclusion of Law numbered 4 upon the ground that it rests upon no basis of facts pleaded or proven, as neither the facts pleaded nor proven entitle the plaintiff herein to a judgment against said Cleve W. Van Dyke for the said sum of \$10,000.00 and interest or any sum whatsoever, as the alleged cause of action is barred by the statutes of the state of Arizona as shown by both pleading and evidence and that the evidence further shows that after the said cause of action was barred by the statutes of Arizona that all the claims of the plaintiff as against the defendant Cleve W. Van Dyke were settled [77] by a compromise agreement entered into in California for the sum of \$2,000.00, which said sum of \$2,000.00 was paid; there existing at that time a dispute between the parties as to the justness of the claim and as to the right of the plaintiff to bring the action by reason of the same being barred by the statute of limitations of the state of Arizona.

V.

This defendant further objects to plaintiff's proposed Conclusions of Law in that they are not complete, and further conclusions of law should be made to comport with the evidence received on the trial of the cause and the pleadings; that among the conclusions of law this defendant suggests as necessary the following:

1. That the demurrer of this defendant to plaintiff's second amended complaint should be sustained upon the ground that the same does not state sufficient facts to constitute a cause of action under the laws of Arizona, in that it appears that the attempted causes of action therein stated are barred by the provisions of Section 2062 of the Civil Code of Arizona, 1928, and that no facts are pleaded sufficient to constitute a new cause of action under and by virtue of the provisions of Section 2068 of said Civil Code of Arizona, 1928.

2. That the evidence introduced at the trial is insufficient to sustain the allegations of plaintiff's second amended complaint.

3. That this action is governed by the statutes of limitation of the state of Arizona, the law of the forum in which the action has been brought.

4. That the written instrument set up in plaintiff's second amended complaint dated January 1, 1927, is to be governed in its construction by the law of the forum in which the action is brought.

[78]

5. That both the plaintiff and defendant are bound by their understanding of the instrument dated January 1, 1927, which appears in plaintiff's second amended complaint, and the construction that each of them placed upon said instrument at the time that it was dictated by the defendant Van Dyke to his stenographer.

6. That said instrument if properly executed

would not be sufficient to enable the plaintiff herein to maintain this cause of action under the provisions of Section 2068 of the Civil Code of Arizona, 1928, in that the same neither admits the justness of the debt or subsisting liability thereon as of January 1, 1927, nor contains any promise, express or implied, upon the part of defendant Van Dyke to pay the same nor any willingness to pay the same.

7. That the instrument set up in plaintiff's second amended complaint, dated January 1, 1927, is not such an acknowledgment of the existence of the debt as is allowed to remove the bar of the statute on the theory that such acknowledgment or admissions carry with it an implied promise to pay, for the reason that under the construction of the Iowa statute by the Supreme Court of that state, the acknowledgment must be express, clear and direct, for it will not do to infer or imply the acknowledgment, and therefrom imply the promise to pay, thus piling implication upon implication.

8. That there was an accord and satisfaction of the controversy between the plaintiff and defendant Van Dyke, when the defendant Van Dyke paid to the plaintiff herein the sums of money amounting to \$2,000.00 in the year 1927.

9. That the defendant Cleve W. Van Dyke is entitled to a judgment against the plaintiff herein that said plaintiff take nothing by his said second amended complaint, [79] and that the defendant

Cleve W. Van Dyke have judgment against the plaintiff for his costs herein incurred.

CHARLES L. RAWLINS

GEORGE H. RAWLINS

THOMAS W. NEALON

Attorneys for Defendant,
Cleve W. Van Dyke.

[Endorsed]: Filed Oct. 18, 1934. [80]

[Title of Court and Cause.]

PROPOSED FINDINGS OF FACT AND CON-
CLUSIONS OF LAW BY DEFENDANT
CLEVE W. VAN DYKE.

The Court makes the following Findings of Fact and Conclusions of Law in the above entitled and numbered cause:

FINDINGS OF FACT.

I.

That the plaintiff is, and was at the time of the commencement of this action, a citizen and resident of the state of Michigan, and that the defendant, Cleve W. Van Dyke, is, and was at the time of the commencement of this action, a citizen of the state of Arizona.

II.

That the sum or value of the matter in controversy herein exceeds, exclusive of interest and costs, the sum of Three Thousand Dollars (\$3,000.00).

III.

That on the 30th day of October, 1917, the defendants, Cleve W. Van Dyke and Hoval A. Smith, at Chicago, Illinois, made, executed and delivered to the plaintiff herein the two promissory notes set up in plaintiff's second amended complaint, said notes being payable at the St. Ansgar Bank of Brush, Lubiens & Annis, in St. Ansgar, Iowa.

IV.

That the payee of said notes, plaintiff in this action, [81] pledged said notes as collateral security for a loan obtained by him from the said St. Ansgar Bank of Brush, Lubiens & Annis, and while the notes were so pledged by plaintiff, the defendant Cleve W. Van Dyke made a statement thereof with the pledgee; that all of this occurred long prior to the 1st day of January, 1927.

V.

That in the year 1927, the defendant, Cleve W. Van Dyke claiming in good faith that the statute of limitations had run against the two notes and that no action could be maintained by the plaintiff thereon, entered into an agreement with the plaintiff herein to compromise the controversy between them as to the liability thereon by paying to the plaintiff the sum of \$2,000.00 in full settlement of any liability thereon; that the defendant Cleve W. Van Dyke did during the year 1927 and in pursuance of said agreement, pay to the plaintiff herein the said sum of \$2,000.00 and said sum was accepted

by the plaintiff herein in full settlement of any claim against the defendant Cleve W. Van Dyke upon said notes.

VI.

That on the 1st day of January, 1927, the defendant, Cleve W. Van Dyke, dictated to his stenographer at Miami, Arizona, the draft of a tentative letter addressed to Hoval A. Smith set up in plaintiff's second amended complaint herein; that at the end of said draft of said tentative letter after the words "Yours very truly" and above the typed name "Cleve W. Van Dyke," a blank space was left for the purpose of signature; that a carbon copy of said draft was handed to the plaintiff herein; that defendant Van Dyke did not sign said draft of said tentative letter, and did not dictate the typed named affixed thereto, and said letter was never completed nor ever sent to said Hoval P. Smith, but upon further con- [82] sideration of said draft of tentative letter, upon agreement by plaintiff and defendant Van Dyke the same was rejected and a telegram to said Smith was substituted therefor and sent to said Smith.

VII.

That the writing described in plaintiff's second amended complaint dated January 1, 1927, and purporting to be a carbon copy of an instrument written by the stenographer of the defendant Van Dyke was understood by the plaintiff as a recital of the terms of an oral agreement entered into between the defendant Van Dyke and plaintiff on that date,

in which said defendant Van Dyke agreed with the plaintiff that he, Van Dyke, would pay no more money to the St. Ansgar Bank on any obligation of his (Van Dyke's) to the said St. Ansgar Bank until the said Bank took up the two notes set up in plaintiff's seconded amended complaint, then pledged to the said St. Ansgar Bank as security for money loaned to the plaintiff by said bank; that the understanding of defendant Van Dyke was the same as that of the plaintiff as expressed by the plaintiff in the following language: "Mr. Van Dyke agreed with me that he would not pay any of those notes at the St. Ansgar Bank until they took up my two notes."

VIII.

That on January 1, 1927, defendant Van Dyke agreed with plaintiff that he, Van Dyke, would pay no more notes to the St. Ansgar Bank until the St. Ansgar Bank took up the two notes set up in plaintiff's second amended complaint.

IX.

That at the time of the execution of the two notes set up in plaintiff's second amended complaint and at all times thereafter up to and including the date of the filing of this action, defendant Van Dyke was and is a resident of the State of [83] Arizona, and at no time subsequent to the 1st day of January, 1927, was he a non-resident of the state of Arizona.

X.

That both of the promissory notes set up in plaintiff's second amended complaint were lost after the commencement of this action and prior to the time of the filing of his answer therein by the defendant Cleve W. Van Dyke and same cannot be found after diligent search and inquiry, but that the evidence establishes the form and language of said notes as set forth in plaintiff's second amended complaint.

AND FROM the foregoing Findings of Fact, the Court makes the following

CONCLUSIONS OF LAW.

I.

That the demurrer of this defendant to plaintiff's seconded amended complaint should be sustained upon the ground that the same does not state sufficient facts to constitute a cause of action under the laws of Arizona, in that it appears that the attempted causes of action therein stated are barred by the provisions of Section 2062 of the Civil Code of Arizona, 1928, and that no facts are pleaded sufficient to constitute a new cause of action under and by virtue of the provisions of Section 2068 of said Civil Code of Arizona, 1928.

II.

That the evidence introduced at the trial is insufficient to sustain the allegations of plaintiff's second amended complaint.

III.

That this action is governed by the statutes of limitation of the state of Arizona, the law of the forum in which the action is brought. [84]

IV.

That the written instrument set up in plaintiff's second amended complaint dated January 1, 1927, is to be governed in its construction by the law of the forum in which the action is brought.

V.

That both plaintiff and defendant Cleve W. Van Dyke are bound by their understanding of the instrument dated January 1, 1927, which appears in plaintiff's second amended complaint, and the construction that each of them placed upon said instrument at the time that it was dictated by the defendant Van Dyke to his stenographer.

VI.

That said instrument if properly executed would not be sufficient to enable the plaintiff herein to maintain this cause of action under the provisions of Section 2068 of the Civil Code of Arizona, 1928, in that the same neither admits the justness of the debt or subsisting liability thereon as of January 1, 1927, nor contains any promise, express or implied, upon the part of defendant Van Dyke to pay the same nor any willingness to pay the same.

VII.

That the instrument set up in plaintiff's second amended complaint, dated January 1, 1927, is not such an acknowledgment of the existence of the debt as is allowed to remove the bar of the statute on the theory that such acknowledgment or admissions carry with it an implied promise to pay, for the reason that under the construction of the Iowa statute by the Supreme Court of that state, the acknowledgment must be express, clear and direct, for it will not do to infer or imply the acknowledgment, and therefrom imply the promise to pay, thus piling implication upon implication. [85]

VIII.

That there was an accord and satisfaction of the controversy between plaintiff and defendant Van Dyke when the defendant Van Dyke paid to the plaintiff herein the sums of money amounting to \$2,000.00 in the year 1927.

IX.

That the defendant Cleve W. Van Dyke is entitled to a judgment against the plaintiff herein, that said plaintiff take nothing by his said second amended complaint, and that the defendant Cleve W. Van Dyke have judgment against the plaintiff for his costs herein incurred.

CHARLES L. RAWLINS

GEORGE H. RAWLINS

THOMAS W. NEALON

Attorneys for Defendant

Cleve W. Van Dyke.

[Title of Court and Cause.]

MOTION TO SET ASIDE PRELIMINARY
ORDER AND ENTER JUDGMENT FOR
DEFENDANT CLEVE W. VAN DYKE.

COMES NOW the defendant Cleve W. Van Dyke, by his undersigned attorneys, and respectfully moves the court that the preliminary order for judgment entered in the above entitled cause and action on the 15th day of September, 1934, be set aside and annulled, and that in lieu thereof judgment be entered in favor of the defendant Cleve W. Van Dyke and as against the plaintiff herein that the plaintiff take nothing by his said second amended complaint and that the defendant, Cleve W. Van Dyke, have judgment against the plaintiff for his costs herein incurred.

CHARLES L. RAWLINS

GEORGE H. RAWLINS

THOMAS W. NEALON

Attorneys for Defendant

Cleve W. Van Dyke.

[Endorsed]: Filed Oct. 18, 1934. [87]

[Title of Court.]

November, 1934 Term

At Tucson

MINUTE ENTRY OF NOVEMBER 10, 1934.

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, Presiding.

[Title of Cause.]

Plaintiff's Proposed Special Findings of Fact and Conclusions of Law, Objections of the defendant Cleve W. Van Dyke thereto, said Defendant's Motion to Set Aside Preliminary Order for Judgment and Enter Judgment for Defendant, and said Defendant's Proposed Findings of Fact and Conclusions of Law, come on regularly for hearing this day.

George R. Darnell, Esquire, and Samuel L. Pattee, Esquire, appear as counsel for the Plaintiff. Charles L. Rawlins, Esquire, appears as counsel for the Defendant Cleve W. Van Dyke, and on motion of said counsel,

IT IS ORDERED that Thomas W. Nealon, Esquire, be entered as associate counsel for said defendant.

Said Motion to Set Aside Preliminary Order for Judgment and Enter Judgment for Defendant is now duly argued by respective counsel, and

IT IS ORDERED that said Motion to Set Aside Preliminary Order for Judgment and Enter Judgment for Defendant be, and the same is hereby

denied, to which ruling and order of the Court said defendant excepts.

Counsel for the Defendant Cleve W. Van Dyke now move to be allowed to file verification to the original answer and said motion is duly argued by respective counsel. Counsel for the Plaintiff waives verification of said answer and respective counsel now stipulate that the answer herein may be treated as verified, but that Plaintiff does not admit any of the matters so verified and reserves the right to file any additional pleading made necessary by such [88] waiver of verification and stipulation, and

IT IS ORDERED that said Defendant's Motion to be allowed to file verification to original answer be, and the same is hereby denied, to which ruling and order of the Court said defendant excepts.

Said Plaintiff's Proposed Special Findings of Fact and Conclusions of Law and said Defendant's Objections thereto, and said Defendant's Proposed Findings of Fact and Conclusions of Law are now duly argued by respective counsel, and

IT IS ORDERED that said Defendant's Proposed Findings of Fact and Conclusions of Law be, and the same are hereby overruled, and that an exception be entered on behalf of said defendant as to each proposed finding, and

IT IS FURTHER ORDERED that said Defendant's Objections to Plaintiff's Proposed Special Findings of Fact and Conclusions of Law be, and the same are hereby overruled, and that an exception be entered on behalf of said defendant, and

IT IS FURTHER ORDERED that said Plaintiff's Proposed Special Findings of Fact and Conclusions of Law be, and the same are hereby allowed subject to the following exceptions and amendments thereto, and that an exception be entered on behalf of said Defendant as to each of said Special Findings and Conclusions:

That the words "and expressed a willingness to pay the same" in special finding No. 5 be stricken;

That the words "Executed at Miami, Arizona" be inserted in line four of special finding No. 5, following the word "instrument" in said line four;

That the following conclusions be added: "That the instrument in writing executed at Miami, Arizona, on the 1st day of January, 1927, is a sufficient acknowledgment under Section 2068, Revised Statutes of Arizona, 1928, to take the cause of action on said notes out of the Arizona Statute of Limitations"; and "That the memorandum in writing executed at Miami, Arizona, on the 1st day of January, 1927, is a sufficient admission in writing signed by the party to be charged that the debt is unpaid, under Section 11018, Code of Iowa, 1927, to revive the cause of action on said notes." [89]

Upon stipulation of the respective counsel,

IT IS ORDERED that the Plaintiff be allowed until November 17, 1934, within which to prepare, serve and file Findings of Fact, Conclusions of Law and Judgment in accordance with said rulings. [90]

[Title of Court and Cause.]

SPECIAL FINDINGS OF FACT AND CON-
CLUSIONS OF LAW.

This cause came on for trial before the above named Court sitting without a jury, a jury trial having been duly waived, by the parties hereto, and was tried on the 2nd and 3rd days of June, 1933, the parties being present in person and by their counsel. The demurrer of the defendant Hoval A. Smith to the second amended complaint having been sustained and the action dismissed as against him, the cause proceeded as against the defendant Cleve W. Van Dyke, and the Court having considered the evidence both oral and documentary offered in behalf of the respective parties and having considered the arguments of counsel submitted in writing, makes the following Special Findings of Fact and Conclusions of Law respecting the first cause of action set forth in the second amended complaint:

1. That the plaintiff is and was at the time of the commencement of this action a citizen and resident of the State of Michigan and that the defendant Cleve W. Van Dyke is and was at the time of the commencement of this action a citizen of the State of Arizona.

2. That the sum or value of the matter in controversy herein exceeds, exclusive of interest and costs, the sum of Three Thousand Dollars (\$3,000.00).

3. That on the 30th day of October, 1917, the defendants Cleve W. Van Dyke and Hoval A. Smith, made, executed and delivered [91] to the plaintiff their certain promissory note in writing, which note is in the words and figures following:

\$5,000.00

Chicago, Illinois,

October 30, 1917.

On or before December 30, 1918, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker, at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorneys' fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgd) HOVAL A. SMITH,

CLEVE W. VAN DYKE.

No. 23716

P. O. Miami, Ariz. and Chicago.

Endorsed: April 14th, 1927, paid hereon

by check,

\$500.00

June 13th, 1927, paid hereon by check, \$500.00

Said note was casually signed and dated at Chicago, Illinois, but was payable at the bank therein named in the State of Iowa.

4. That said note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was and still is the owner and holder thereof, and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars (\$500.00) each at the dates set forth in the endorsements thereon.

5. That after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note in a written instrument in the following words and figures:

January 1, 1927.

Mr. Hoval A. Smith
care Senator Ralph H. Cameron,
Senate Office Building
Washington, D. C. [92]
My dear Hoval:

Mr. Bascom Parker, of Niles, Michigan, arrived in Miami a few days ago asking the settlement of two notes of \$5,000 each, given to him Chicago, August 30, 1917, in payment for his stock in the Calhoun Timber Company. You will recall this deal.

This stock was purchased for the remaining stockholders of the company at the request of Mr. H. C. Olcott, acting for the trustees of the

bondholders of the Calhoun Timber Company. The amount to be paid for this stock was \$50,000; \$25,000 of which was to be in Calhoun Timber Company bonds which were owned by the Calhoun Timber Company and \$10,000 in cash, and \$15,000 in three \$5,000 notes. These notes were to be the joint obligation of yourself, Mr. Lubiens and myself. The cash paid to Mr. Parker was a check against the \$100,000 fund in the St. Ansgar Bank which we had borrowed from Thomas F. Cole, of New York. These notes were to have been paid when due. One of them came due in the following June and was sent out to me to Miami for collection. I paid this note. The two other notes have never been paid and form the basis of a demand on the part of Mr. Parker for payment at this time.

The stock was delivered and was transferred on the books of the company. One third of the stock was delivered to yourself, one third to R. C. Lubiens, and one-third to myself. After the company became defunct the \$100,000 owed to Thomas F. Cole became due and as you know I have paid this sum, so that puts me now in the position of having paid \$15,000 or the \$25,000 that was owing to Mr. Parker. After the first note was paid the other two notes were taken over by the St. Ansgar Bank, through Lubiens. Later on one of them was sent to me for collection by the St. Ansgar Bank. I refused to pay the same at the time because I had already paid the share due from me and later I paid a fur-

ther sum of \$10,000 which was the original cash paid to Mr. Parker.

The notes were returned to the St. Ansgar Bank from the Gila Valley Bank of Miami, the bank to whom they were sent for collection. The refusal was based upon the grounds that I did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due, as I had paid my share in full.

Later on there were some differences between the St. Ansgar Bank on this Calhoun Timber Company matter and yourself and myself. Mr. Lubiens, who was the treasurer of the company, and who was mutually trusted by us at the time, had gathered together a lot of notes which he had placed in the bank and which had been signed by us at various times, and for which we had received no consideration and for which the Calhoun Timber Company had received no consideration. In my opinion at the time this matter was brought to my attention by you and Mr. Salisbury, the whole matter was a fraud and that the bank could not hold me for any amount.

Time went on and at your insistence an agreement was reached between ourselves and the St. Ansgar Bank. In order to avoid litigation we agreed to a settlement between the bank and ourselves with the understanding that all notes and obligations were to be included with-

in this settlement. No notice has ever been received by me from the Bank of St. Ansgar or Mr. Lubiens [93] that they had not taken up these notes when they were refused payment by me for the cause stated above. I was under the impression that Mr. Lubiens and bank, having been notified by me that it was their obligation, had assumed these notes and that they were still held by them and was part of the consideration upon which our settlement was based. What was my surprise to learn the other day upon the arrival of Mr. Parker that the bank, instead of including these notes in our settlement as I presumed was being done, had returned the notes to Mr. Parker unpaid. And now Mr. Parker has presented these notes to me for payment.

Now, Hoval, I have tried to be patient in this matter, I have tried to be fair; I have assumed more than my share of the obligation of this disastrous enterprise. I have carried the loan for you; I have carried the loan for the bank and had paid out practically all the cash money which has been paid out since the final crash of the company. I have secured not one nickel or one dime in salvage from the company and I have gone so far as to pay the \$100,000 to Mr. Cole which was a joint obligation of yourself, the bank and myself.

I presumed the bank was trying to adjust this thing fairly and on a basis of equity and trying to clear up a nasty mess. When Mr.

Parker arrived I explained to him fully what my relationship to the bank was on these matters. I told him that we now have due and payable a note to them of \$10,000. He has notified me that we must not make this payment to the bank until his matter is adjusted.

I am writing you to inform you of the situation. I request now that you feel obligation to Mr. Parker to fulfill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted. In other words I request that you, upon your return to Arizona, stop at St. Ansgar, see Mr. Salisbury and present this matter to him. Mr. Parker would have levied upon this payment that we were about to make to the bank of St. Ansgar had I not stipulated to him as stated above. I suggest that you now have a definite understanding with Mr. Salisbury in reference to this matter. I expect them to treat Mr. Parker as fairly as I have treated them. Our agreement with Mr. Parker was definite. Our arrangement among ourselves was well understood and Mr. Parker is only asking for his rights and what is legitimate. The fact of the matter is I am very much surprised indeed at the action taken by the bank in this matter, especially after the settlement that has been made between them and us. We were trying to seek a way out of our difficulties and the way out unloaded over a quarter of a million dollars of obligations upon myself, which, while

it is unfair, was arranged in order to avoid troublesome litigation and a long period of contest and fighting. As you know, we discussed the matter and we decided that it would take a large sum of money and a long time to work out this litigation. My health was poor, your affairs were involved, times were hard and we felt that we might better make an amicable settlement rather than seek our dues in the court. It may be that Mr. Salisbury does not know about this situation, and if he does not, you should apprise him of it and clarify it as soon as possible.

With kindest personal regards, I am

Your very truly,

CLEVE W. VAN DYKE.

[94]

That the promissory note set forth in Finding 3 is one of the promissory notes mentioned and described in the foregoing instrument. Said instrument was written, signed and delivered by defendant, Cleve W. Van Dyke, to the plaintiff at Miami, in the County of Gila, State of Arizona, on the first day of January, 1927.

6. That immediately prior to the first day of January, 1927, the date upon which said instrument was written, the plaintiff presented said promissory note to the defendant Cleve W. Van Dyke and demanded payment thereof. That on said first day of January, 1927, the defendant Cleve W. Van Dyke in the presence of the plaintiff dictated to

his secretary the instrument bearing date on that day and the same was taken down in shorthand and on said day written out in typewriting and the name of the defendant Cleve W. Van Dyke was written at the end thereof in typewriting. As soon as the same had been written out in typewriting a carbon copy thereof was delivered by the said defendant Cleve W. Van Dyke to the plaintiff. That the said defendant Van Dyke informed the plaintiff that he intended to send the original or ribbon copy of said instrument to the defendant Hoval A. Smith, but in fact never did send it but retained it in his possession. That the said defendant Cleve W. Van Dyke intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same.

7. Thereafter and on the 14th day of April, 1927, the defendant Cleve W. Van Dyke paid the plaintiff upon the said note the sum of \$500.00, and on June 13th, 1927, paid the plaintiff on said note the further sum of \$500.00, making \$1,000.00 in all. That such payments were intended and agreed to be, and in fact were payments upon the promissory note aforesaid and not a sum agreed upon in settlement of any [95] liability on said note.

8. That between the first day of January, 1927, and the time of the commencement of this action the defendant Cleve W. Van Dyke was absent from the State of Arizona and in the State of California for different periods aggregating more than six months.

9. With respect to the second cause of action set forth in the complaint, Findings 1 and 2 relating to the First Cause of Action are adopted without here repeating them.

10. That on the 30th day of October, 1917, the defendants, Cleve W. Van Dyke and Hoval A. Smith made, executed and delivered to the plaintiff their certain promissory note in writing, which note is in the words and figures following:

\$5,000.00 Chicago, Illinois, Oct. 30, 1917

On or before June 30, 1919, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgn) HOVAL A. SMITH
CLEVE W. VAN DYKE

No. 5793

P. O. Bisbee, Ariz.

Miami, Arizona

Endorsed: May 21st, 1927, paid hereon

by check

\$500.00

July 20th, 1927, by check,

500.00

Said note was casually signed and dated at Chicago, Illinois, but was payable at the bank therein named in the State of Iowa.

11. That said note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was and still is the owner and holder thereof, and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars [96] (\$500.00) each at the dates set forth in the endorsements thereon.

12. That after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note in the written instrument which is set forth in Finding No. 5 upon the First Cause of Action and is one of the promissory notes mentioned and described in said written instrument. Said instrument was written, signed and delivered by defendant Cleve W. Van Dyke to the plaintiff at Miami, in the County of Gila, State of Arizona, on the first day of January, 1927.

13. That immediately prior to the first day of January, 1927, the date upon which said instrument was written, the plaintiff presented said promissory note to the defendant Cleve W. Van Dyke and demanded payment thereof. That on said first day of January, 1927, the defendant Cleve W. Van Dyke in the presence of the plaintiff dictated to his secretary the instrument bearing date on that day and the same was taken down in shorthand and

on said day written out in typewriting and the name of the defendant Cleve W. Van Dyke was written at the end thereof in typewriting. As soon as the same had been written out in typewriting a carbon copy thereof was delivered by the said defendant Cleve W. Van Dyke to the plaintiff. That the said defendant Van Dyke informed the plaintiff that he intended to send the original or ribbon copy of said instrument to the defendant Hoval A. Smith, but in fact never did send it but retained it in his possession. That the said defendant Cleve W. Van Dyke intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same.

14. Thereafter and on the 14th day of April, 1927, the defendant Cleve W. Van Dyke paid the plaintiff upon said note the sum of \$500.00, and on June 13th, 1927, paid the plaintiff [97] on said note the further sum of \$500.00, making \$1,000.00 in all. That such payments were intended and agreed to be and in fact were payments upon the promissory note aforesaid and not a sum agreed upon in settlement of any liability on said note.

15. That between the first day of January, 1927, and the time of the commencement of this action the defendant Cleve W. Van Dyke was absent from the State of Arizona and in the State of California for different periods aggregating more than six months.

16. That both of said promissory notes were lost since the commencement of this action and the same

can not be found after diligent search and inquiry, but that the evidence establishes the form and language of said notes as set forth in the foregoing findings.

17. The Court further finds that a reasonable attorneys' fee for the bringing of this action upon both of said notes and prosecuting the same to judgment on behalf of the plaintiffs is the sum of Two Thousand Dollars (\$2,000.00).

As Conclusions of Law the Court Finds:

1. That the promissory notes set forth in the first and second cause of action are not, nor is either of them, barred by the statute of limitations of the State of Iowa or the State of Arizona, but that the same are now valid and subsisting obligations.

2. That the instrument dated January 1st, 1927, written and signed by the defendant Cleve W. Van Dyke is a sufficient memorandum in writing signed by the said defendants to arrest the running of the statute of limitations and to start the period of limitation to running anew under the law of the State of Iowa.

3. That the instrument dated January 1st, 1927, written and signed by the defendant Cleve W. Van Dyke is a sufficient [98] memorandum in writing signed by the said defendants to arrest the running of the statute of limitations and to start the period of limitation to running anew under the law of the State of Arizona.

4. That the absences of the defendant Cleve W. Van Dyke from the State of Arizona prevented the

operation of the statute of limitations during the period of such absences, and that neither of said notes was barred by limitations.

5. That the plaintiff is entitled to judgment against the defendant Cleve W. Van Dyke for the sum of Eight Thousand Dollars (\$8,000.00), being the unpaid principal of said two promissory notes, with interest at the rate of seven per cent (7%) per annum from the maturity thereof as therein provided until paid, less the sum of One Thousand Dollars (\$1,000.00) paid upon each of said notes, and for a reasonable attorneys' fee in the amount fixed by the Court at the sum of Two Thousand Dollars (\$2000.00), and for the costs of this action.

Let judgment be entered accordingly.

Dated November 22nd, 1934.

ALBERT M. SAMES

Judge of the District Court of the United
States for the District of Arizona.

[Endorsed]: Plaintiff's Proposed Special Findings of Fact and Conclusions of Law. Filed Nov 16 1934.

[Endorsed]: Special Findings of Fact and Conclusions of Law. Filed Nov 22 1934. [99]

In the District Court of the United States for the
District of Arizona

No. L-202—Globe

BASCOM PARKER,

Plaintiff,

vs.

HOVAL A. SMITH and CLEVE W. VAN DYKE,
Defendants.

JUDGMENT

This cause came on for trial before the above named Court, sitting without a jury, a jury trial having been duly waived by stipulation of the parties hereto, and was tried on the 2nd and 3rd days of June, 1933, the parties being present in person and by their counsel.

The demurrer of the defendant Hoval A. Smith to the second amended complaint having been sustained and no further amendment having been filed, and the action having been ordered dismissed as against him, the cause proceeded as against the defendant Cleve W. Van Dyke. Both parties offered oral and documentary evidence, and the Court having considered the evidence and the arguments of counsel submitted in writing, did thereafter enter its order directing judgment to be entered in favor of the plaintiff and did thereafter make and file its special findings of fact and conclusions of law

respecting each of the causes of action set forth in said second amended complaint, and did direct that judgment be entered in favor of the plaintiff as previously ordered.

NOW, THEREFORE, pursuant to said order for judgment and said special findings of fact and conclusions of law and the direction respecting the entry of judgment made pursuant thereto, it is by the Court, [100]

ORDERED, ADJUDGED AND DECREED that the plaintiff Bascom Parker do have and recover of and from the defendant Cleve W. Van Dyke upon the first and second causes of action set forth in the second amended complaint herein the principal sum of Eight Thousand Dollars (\$8,000.00), together with interest in accordance with the terms of the promissory notes set forth in plaintiff's second amended complaint herein, amounting in all, both principal and interest at the date of this judgment to the sum of Eighteen Thousand Seven Hundred Sixty-seven and 68/100 Dollars (\$18,767.68), and that said principal sum of Eight Thousand Dollars (\$8,000.00) bear interest from the date hereof until paid at the rate of seven per cent per annum.

AND IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the said Bascom Parker do have and recover of and from the defendant Cleve W. Van Dyke the further sum of Two Thousand Dollars (\$2,000.00) attorneys' fees in this action.

AND IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the said plaintiff Bascom Parker do have and recover of and from the defendant Cleve W. Van Dyke the costs of this action taxed at the sum of One Hundred Seventy Nine and 55/100 Dollars (\$179.55).

AND IT IS FURTHER ORDERED, ADJUDGED AND DECREED that for the several sums adjudged in favor of the said plaintiff he have execution against the defendant Cleve W. Van Dyke.

AND IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this action be dismissed as against the defendant Hoval A. Smith and that said defendant Hoval A. Smith go hence without day.

Done in Open Court this 22nd day of November, 1934.

ALBERT M. SAMES

Judge U. S. District Court.

[Endorsed]: Pltf's. Proposed Judgment. Filed Nov 16 1934.

[Endorsed]: Filed Nov 22 1934. [101]

[Title of Court and Cause.]

MOTION FOR NEW TRIAL

COMES NOW Cleve W. Van Dyke, defendant in the above entitled cause and moves this Court for an order setting aside the judgment herein as

to this defendant and granting a new trial in the above entitled cause as to this defendant, for the following reasons:

I.

That the judgment rendered in the above entitled cause and action is contrary to law in that plaintiff's second amended complaint fails to state a cause of action that is not barred by the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061, of 1928 Civil Code of Arizona, and for this reason the demurrer of this defendant setting up Sec. 2068 of the Civil Code of Arizona as a defense should have been sustained.

II.

That the judgment of the Court rendered in favor of plaintiff herein is not justified by the Findings of Fact made by the Court, and is contrary to law, in that Findings of Fact, numbered 5 and 12, stating that the written instrument dated January 1, 1927, and which is set up in haec verba in said Finding of Fact numbered 5, "was written, signed and delivered at Miami, in the County of Gila, State of Arizona, on the first [102] day of January, 1927", is not sufficient to take the claim sued upon out of the operation of the statute of limitations of the State of Arizona under Section 2068, Civil Code, 1928.

III.

That the judgment of the Court is erroneous and a new trial should be granted herein for the rea-

son that the Court's Conclusion of Law numbered 1 that the promissory notes set forth in the first and second causes of action are not, nor is either of them, barred by the statute of limitations of the state of Iowa or the state of Arizona, but that the same are now valid and subsisting obligations, is erroneous, in that the action is governed by the law of the forum, namely, of the state of Arizona, and Findings of Fact numbered 5 and 12 showing that the instrument dated January 1, 1927, was delivered at Miami, County of Gila, State of Arizona, required the conclusion of law that the action is barred by the statutes of limitation of the State of Arizona.

IV.

That Conclusion of Law numbered 2 is erroneous in holding that the instrument dated January 1, 1927, is a sufficient memorandum in writing, signed by said defendant, to arrest the running of the statute of limitations and to start the period of limitations to running anew under the law of the state of Iowa, in that said instrument was dictated and delivered in the state of Iowa, and is required to be interpreted under the laws of the State of Arizona, and is not sufficient under the laws of the state or Arizona to arrest the running of the statute of limitations and to start the period of limitations to running anew under the laws of the state of Iowa, and for the further reason that the laws of Arizona being the law of the forum govern in all matters pertaining to the remedy. [103]

V.

That Conclusion of Law numbered 3 that the instrument dated January 1, 1927, is a sufficient memorandum in writing signed by said defendant to arrest the running of the statute of limitations to running anew under the laws of the state of Arizona, is erroneous in that said instrument is not sufficient under the provisions of Section 2068, Revised Code of Arizona 1928 to start the period of limitations to running anew under the laws of the state of Arizona or to arrest the running of the statute of limitations of the state of Arizona, in that the same does not contain any express or implied promise to pay the debt upon which recovery is sought in this action, nor does it contain an acknowledgment of the justness of the claim as a subsisting obligation as of the date of January 1, 1927, or at all, from which the promise to pay the same could be implied, but expressly negatives any such acknowledgment.

VI.

That Conclusions of Law numbered 5 is erroneous in that the Findings of Fact are not sufficient to sustain the entry of the judgment in that it appears from said Findings of Fact that the action is barred by the statute of limitations of the state of Arizona as pleaded by this defendant.

VII.

That the Court erred in making its Findings of Fact numbered 4 and 11 that the plaintiff was

and still is the holder of the notes set up in Findings of Fact numbered 3 and 10 in haec verba, in that there is no evidence in the record to sustain said Findings of Fact that plaintiff was and still is the owner and holder of said notes at the time of the filing of this action or at the time of the judgment. That said notes were not produced at the trial and for that reason no inference could be drawn therefrom that they were still owned by the [104] plaintiff in this action, and the uncontradicted evidence is (R T 22) that these notes had been pledged to the St. Ansgar Bank of Brush, Lubiens & Annis, and the only testimony tending to establish these notes as lost instruments were the depositions of Robert E. Proctor, Carson P. Parker, Annie E. Parker, Mary E. Renier and Chloe Dinehart, and it nowhere appears in these depositions that the witnesses making same had ever seen the original pleadings filed in this action, or a certified copy thereof or any authenticated copy thereof; that therefore there was no sufficient identification of these notes to either permit secondary evidence thereof being introduced into evidence or from which any inference of ownership in the plaintiff could be implied.

VIII.

That that part of Findings of Fact numbered 5 and 12 reading as follows: "said instrument was written, signed and delivered by defendant Cleve W. Van Dyke to the plaintiff at Miami, in the

County of Gila, State of Arizona, on the first day of January, 1927", is not sustained by any evidence and is contrary to the evidence, in that it appears upon the face of said written instrument (plaintiff's Exhibit No. 4) that the same was merely a carbon copy of a tentative letter which was never signed or delivered and that it was an uncompleted instrument with a blank space left for the signature of the defendant Cleve W. Van Dyke, should the same meet with his approval; that there is no evidence in the record to show that the defendant Cleve W. Van Dyke adopted or intended to adopt the typewritten words "Cleve W. Van Dyke" at the foot of said letter, as his signature.

IX.

That the judgment rendered by the Court herein is contrary to the evidence in that the uncontradicted evidence [105] shows that the instrument dated January 1, 1927, and which is set up in haec verba in Finding of Fact numbered 5, was construed at the time at which it was dictated, by the plaintiff and defendant Cleve W. Van Dyke as not being an acknowledgment of the justness of the claim herein sued upon nor any recognition thereof as a subsisting obligation of the defendant Cleve W. Van Dyke, nor was it intended as an admission of the justness of the debt sued upon or of any willingness to pay the same, nor any express or implied promise of any willingness to pay the same; that upon the contrary it was inter-

preted by the plaintiff and defendant Cleve W. Van Dyke at that time to be a promise upon the part of defendant Van Dyke that he would not pay to the St. Ansgar Bank certain notes due that bank in the sum of \$10,000.00 by the defendant Van Dyke, until that bank should settle with the plaintiff in this action for the notes which are now the subject matter of this action, and that was the interpretation placed upon said instrument by each of the parties at the time of the trial, the interpretation of the plaintiff as given in his testimony (R. T. 67) being in words as follows: "Mr. Van Dyke agreed with me he would not pay any of those notes at the St. Ansgar Bank until they took up my two notes."

X.

That Finding of Fact numbered 6 is erroneous and not sustained by the evidence as to that portion thereof reading as follows: "That the said defendant Cleve W. Van Dyke intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same;" that therefore the judgment being founded upon a finding of fact that has no evidence to support it, is erroneous and contrary to the law and the evidence.

XI.

That Findings of Fact numbered 8 and 15, to the effect [106] that Cleve W. Van Dyke was absent from the State of Arizona in the state of California

at different periods aggregating more than six months is not sustained by the evidence, there being no evidence to show that said Van Dyke was absent from the state for any such period of time.

XII.

That that portion of Finding of Fact numbered 13 reading as follows: "that said defendant Cleve W. Van Dyke intended to adopt and did adopt his name written in typewriting at the foot of said instrument and did thereby sign the same" is not sustained by any evidence, and therefore the judgment of the court is not sustained by the evidence.

XIII.

That Finding of Fact numbered 16 is not sustained by the evidence as it does not appear from any of the depositions introduced into evidence that any of the witnesses making said depositions ever saw the promissory notes signed by this defendant or any original pleading in the case or any certified or authenticated copy thereof, or that the notes seen by them were notes that had been signed by this defendant.

XIV.

That the judgment of the Court rendered herein is erroneous as a matter of law, in that the original complaint filed in this action was based upon a foreign contract, namely, an Iowa contract, and the same being barred by the Arizona statute of limitations, Section 2061, the court rightly sustained

a demurrer thereto; that the second amended complaint filed by the plaintiff herein was based upon the same theory, namely, that this was an action upon an Iowa contract and not upon any new promise and was so construed by the plaintiff in the allegations of his pleadings of matters to avoid the statute of limitation of the state of Iowa; and because the [107] cause of action upon the original notes could not be maintained when the defendant pleaded the bar of the statute of limitations of the state of Arizona, this judgment is erroneous and a new trial should be granted this defendant Cleve W. Van Dyke.

WHEREFORE this defendant, Cleve W. Van Dyke, prays that his motion to set aside the judgment herein as to him and grant a new trial as to him, be granted.

CHARLES L. RAWLINS

GEORGE H. RAWLINS

THOMAS W. NEALON

Attorneys for Defendant

Cleve W. Van Dyke

[Endorsed]: Filed Nov 30 1934. [108]

[Title of Court and Cause.]

AFFIDAVIT OF SERVICE OF MOTION FOR
NEW TRIAL AND POINTS AND AU-
THORITIES OF DEFENDANT CLEVE W.
VAN DYKE ON MOTION FOR NEW
TRIAL.

State of Arizona,
County of Maricopa.—ss.

JOSEPHINE PRUETT, being first duly sworn,
deposes and says:

That on the 28th day of November, 1934, she deposited in the United States Post Office, at the branch thereof known as the Luhrs Station, on West Jefferson Street, Phoenix, Arizona, a sealed envelope, postage prepaid, containing a copy of the Motion for New Trial and a copy of Points and Authorities of Defendant Cleve W. Van Dyke on Motion for New Trial, in the above entitled cause, which envelope was addressed to Messrs. Darnell & Nave, Attorneys for Plaintiff, at their office in the Consolidated National Bank Building, Tucson, Arizona, and their letter acknowledging receipt thereof is attached hereto.

JOSEPHINE PRUETT

Subscribed and sworn to before me this 2nd day
of January, A. D., 1935.

My commission expires January 23, 1936.

[Seal]

MARGARET WATSON

Notary Public. [109]

Law Offices of
DARNELL & NAVE
Consolidated Nat'l Bank Bldg.,
Tucson, Arizona.

November 30th, 1934.

Rawlins & Rawlins, Attorneys
Professional Building
Phoenix, Arizona.

Gentlemen:

Attention: Mr. Charles L. Rawlins

We acknowledge receipt of your motion for new trial and the memorandum of points and authorities in support thereof.

We do not know what date Judge Sames will wish to take this matter up, but will ascertain that and write you.

Very truly yours,

DARNELL & NAVE

By: George R. Darnell

GRD:G

[Endorsed]: Filed Jan 3 1935. [110]

RAWLINS & RAWLINS
Attorneys and Counsellors at Law
Professional Building
Phoenix, Arizona.

Charles L. Rawlins

Geo. H. Rawlins

December 8, 1934.

Messrs. Darnell & Nave,

Attorneys at Law,

Consolidated National Bank Bldg.,

Tucson, Arizona.

Re: Parker vs. Van Dyke

Gentlemen:

It is agreeable to me to have the Motion for New Trial which is set for Monday, December 10th, continued until December 20th. I cannot accept the 31st as I have that day engaged and also the 7th of January. Judge Nealon is likewise tied up on those dates. When I talked to you on the telephone, I didn't just exactly know the facts.

Now you can have this motion set down for the 20th and if that is not satisfactory to you, it can go down to a further date in January. Any time after the 10th of January will be satisfactory to us.

You may have all the time you want to file objections, motions, briefs, or other pleadings to our Motion for New Trial, and the rules need not be followed as far as we are concerned in this matter.

Very truly yours,

Chas. L. Rawlins

CHARLES L. RAWLINS

CLR:JO

Enc.

[Endorsed]: Filed Dec 10 1934. [111]

[Title of Court.]

November 1934 Term

At Tucson

MINUTE ENTRY OF DECEMBER 8, 1934

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, Presiding.

[Title of Cause.]

On motion of George R. Darnell, Esquire, counsel for the Plaintiff, and upon his representation to the Court that counsel for the Defendant Cleve W. Van Dyke have agreed thereto,

IT IS ORDERED that said Defendant's Motion for New Trial, heretofore filed herein, be continued for hearing at Tucson to Thursday, December 20, 1934 at the hour of ten o'clock A. M., and that said Plaintiff be allowed until December 18, 1934, within which to file his brief in opposition to said Motion. [112]

[Title of Court.]

November 1934 Term

At Tucson

MINUTE ENTRY OF DECEMBER 20, 1934

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, Presiding.

[Title of Cause.]

HEARING ON MOTION FOR NEW TRIAL.

Motion of the Defendant Cleve W. Van Dyke for New Trial comes on regularly for hearing this day.

George R. Darnell, Esquire, and Samuel L. Pattee, Esquire, appear as counsel for the Plaintiff. Thomas J. Nealon, Esquire, appears as counsel for the Defendant.

Argument is now had by respective counsel, and

IT IS ORDERED that said Motion for New Trial be submitted and by the Court taken under advisement; that the Plaintiff be allowed fifteen days within which to file his authorities and that said Defendant be allowed fifteen days thereafter within which to reply thereto. [113]

[Title of Court.]

November 1934 Term

At Tucson

MINUTE ENTRY OF FEBRUARY 12, 1935

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, Presiding.

[Title of Cause.]

ORDER DENYING MOTION FOR NEW
TRIAL.

Motion of the Defendant Cleve W. Van Dyke for a New Trial having heretofore been argued, submitted and by the Court taken under advisement, and the Court having duly considered the same, and being fully advised in the premises,

IT IS ORDERED that said Motion for New Trial be, and the same is hereby denied, and that an exception be entered on behalf of said Defendant. [114]

[Title of Court and Cause.]

STIPULATION EXTENDING TIME TO FILE
AND SETTLE BILL OF EXCEPTIONS
AND DOCKET APPEAL

IT IS STIPULATED by and between the parties to the above entitled and numbered action,

through their undersigned attorneys, that an order may be entered by the Court extending the time of the defendant, Cleve W. Van Dyke, within which to prepare draft of Bill of Exceptions, serve and file same, and have same settled, allowed and approved, up to and including the 1st day of May, 1935.

IT IS FURTHER STIPULATED that the time for docketing the appeal in the above entitled and numbered cause may be by order of the Court extended to and including the 1st day of May, 1935.

DARNELL & NAVE

SAMUEL L. PATTEE

Attorneys for Plaintiffs

RAWLINS & RAWLINS

CHARLES L. RAWLINS

THOMAS W. NEALON

Attorneys for Defendant,

Cleve W. Van Dyke

[Endorsed]: Filed Feb 25 1935. [115]

[Title of Court and Cause.]

ORDER EXTENDING TIME FOR PREPARATION AND FILING, ETC., OF BILL OF EXCEPTIONS

IT IS HEREBY ORDERED that the time within which Cleve W. Van Dyke may prepare draft

of Bill of Exceptions, serve and file same and obtain settlement, allowance or approval thereof, be and the same is hereby extended to and including the 1st day of May, 1935.

Done in open Court this 25th day of February, 1935.

ALBERT M. SAMES

United States District Judge

[Endorsed]: Filed Feb 25 1935. [116]

[Title of Court and Cause.]

STIPULATION EXTENDING TIME FOR
PRESENTATION, SETTLEMENT, AND
ALLOWANCE OR APPROVAL OF BILL
OF EXCEPTIONS, FOR DOCKETING AP-
PEAL, AND EXTENDING NOVEMBER
1934 TERM OF THE COURT

IT IS STIPULATED by and between Bascom Parker, plaintiff and appellee, and Cleve W. Van Dyke, defendant and appellant, acting by their undersigned attorneys, that an order may be entered in the above entitled matter, extending the time for presentation, settlement, and allowance or approval of the bill of exceptions, for docketing the appeal, and extending the November 1934 Term

of the Court, up to and including the 1st day of June, 1935.

Dated this 22nd day of April, 1935.

GEORGE R. DARNELL

SAMUEL L. PATTEE

L. V. ROBERTSON

Attorneys for Plaintiff and

Appellee

CHARLES L. RAWLINS

GEO. H. RAWLINS

THOMAS W. NEALON

Attorneys for Defendant

Cleve W. Van Dyke,

defendant and appellant

[Endorsed]: Filed Apr 22 1935. [117]

[Title of Court and Cause.]

ORDER EXTENDING NOVEMBER 1934 TERM
OF FEDERAL COURT.

IT IS HEREBY ORDERED that the November 1934 term of this District Court for the District of Arizona, be and the same is hereby extended to and including the 1st day of June, 1935, for the purpose of preparing and filing, settlement, allowance or approval of bill of exceptions, and for the purpose of making any and all motions, and of taking any action which must be made or taken within the November 1934 term of the Court,

in reference to the judgment in the above entitled action.

Done in open Court this 22nd day of April, 1935.

ALBERT M. SAMES

Judge of United States

District Court

[Endorsed]: Filed Apr 22 1935. [118]

[Title of Court and Cause.]

ORDER EXTENDING TIME FOR PRESENTA-
TION, SETTLEMENT AND ALLOWANCE
OR APPROVAL OF BILL OF EXCEP-
TIONS.

IT IS HEREBY ORDERED that the time within which the defendant Cleve W. Van Dyke may obtain settlement, and allowance or approval of the bill of exceptions in the above entitled cause, be and the same is hereby extended to and including the 1st day of June, 1935.

Done in open Court this 22nd day of April, 1935.

ALBERT M. SAMES

Judge of United States

District Court

[Endorsed]: Filed Apr 22 1935. [119]

[Title of Court and Cause.]

BILL OF EXCEPTIONS

BE IT REMEMBERED, that heretofore, towit on the 2nd day of June, 1933, the above entitled cause came on for trial at Tucson, in said District, upon the issues joined herein, before his Honor, Albert M. Sames, sitting as a judge of said Court, without a jury, a jury having been duly waived by the parties by a written stipulation, in words and figures as follows:

“The parties to the above entitled cause hereby waive trial by jury herein and submit the same for hearing and decision by the Honorable Albert M. Sames, Judge in said cause.”

The plaintiff being present in person and represented by his attorneys, Messrs. Kingan, Darnell & Nave, Hon. George R. Darnell and Hon. S. L. Pattee; and the defendant, Cleve W. Van Dyke, being present in person and represented by his attorneys, Messrs. Rawlins & Rawlins, Charles L. Rawlins, Esq., George H. Rawlins, Esq., and William H. Brooks, Esq.; and the defendant Hoval A. Smith being present in person but not participating in the trial by reason of the fact that a demurrer in his behalf had been previously sustained as to plaintiff's complaint.

WHEREUPON the parties respectively offered and introduced the following evidence and exhibits of evidence, and the following objections and motions were made and rulings of the court were en-

tered and exceptions taken by the parties, all as follows, towit:— [120]

TESTIMONY OF CLEVE W. VAN DYKE

Defendant, Cleve W. Van Dyke, was called as a witness for the plaintiff, under the provisions of the Arizona statute as an adverse party on cross-examination.

Direct Examination

My name is Cleve W. Van Dyke. I am one of the defendants in this action. I live at Miami, Arizona. I have not lived at Long Beach recently; I have been in Long Beach when I have been ill, but my home is in Miami. I built a temporary place in Long Beach. No I did not build a home there where I resided with my family; I built an automobile bungalow there, a place where I could drive into. I put in a sprinkling system. I did not have that as my home, I was there temporarily only. It is difficult for me to answer how much of the time I spent in Long Beach, California in all since January 1, 1927. I haven't a record of the days I spent there and the days I did not.

“Q. All last year, how much of the time did you spend away from the State of Arizona?”

“A. I don't know the exact number of days.”

“Q. Approximately?”

“A. Oh, I presume probably one or two days, or something of that sort.”

(Testimony of Cleve W. Van Dyke.)

I doubt if I was there at all in 1931; I don't recall being there in 1931. I don't think I was in Long Beach much in 1930. I might have been there in 1930, but I don't recall being there in 1930. I was in and out of Long Beach some in the spring of 1929. I really don't recall when I did go to Long Beach in the spring of 1929. I think I was in and out of Long Beach some, during the spring and summer. I would be glad to remember, if I could remember when I left Miami in 1929 [121] and went to Long Beach, but I don't remember. I did not live there at all. I was not there at all, I was in Miami most of the time—practically all of the time in 1929. It is a hard question to answer how long I was there in 1928. I built this house in Long Beach in the spring of 1927. I went there in January to build my house. I remained there in the house that spring and into the summer sometime, off and on; I was not there constantly. As I remember it, it was several weeks from January that I lived in Long Beach. It was more than a month. My impression is that I was there more than two months, but not steadily. Part of the time I was there in July of 1927. I did not make that my home in 1927. I only had one home; I live in Arizona. I built a house there and I still have that. I put a sprinkling system in my yard, and arranged the place for a place to stay when I was in Long Beach. I was absent from the state of Arizona in the spring of 1927 and again

(Testimony of Cleve W. Van Dyke.)

in the fall. It is very difficult for me to say in total time how long I was absent in the spring. I would say that I was in Long Beach for treatment, and later on that year, I went to Rochester, Minnesota to the Mayo Clinic for an operation. I think I was gone about three or four weeks in Rochester.

When I went to Long Beach in the spring of 1927, I was in and out of there during that spring. I was in and out of there from January until about August, I think; that is my memory, August or September. As to the total time during the year 1927 that I spent away from the State of Arizona, I can't answer that question, because I don't know. My best judgment as to that is that I think I was as much as three months or maybe more.

I have read the second amended complaint in this action. I have read the note set out in the second amended [122] complaint on page 2 and page 8. I have scanned the note on page 8; I haven't read the contents entirely. I looked at the notes copied on page 2, and again on page 8. I read that one. Mr. Smith and I signed this note at Chicago, Illinois, on October 30th, 1917.

“Mr. RAWLINS (Counsel for Defendant): Now, we object to any evidence on the notes at this time, for the reason that the notes are the best evidence, the real notes, and second, that the record discloses that these were foreign notes, made without the State of Arizona,

(Testimony of Cleve W. Van Dyke.)

and payable without the State of Arizona. The record discloses that these were foreign notes, and therefore a suit upon them in this Court, the action must be commenced and prosecuted within four years from the date of the notes, as provided by Paragraph 2061, subdivision 3 of Section 2061, Civil Code of Arizona, 1928.”

“The COURT: That is substantially the same question, Mr. Rawlins, that was presented on the demurrer?”

“Mr. CHARLES RAWLINS: Yes, Your Honor, that is true, but the question of proving has never been presented to Your Honor.”

“Mr. RAWLINS: * * * Now, we object to the introduction of any notes at this time, because the original notes are the best evidence. They have not been offered or the signatures identified or anything, and Your Honor cannot consider that [123] this is controlled by the law of Iowa. That is not true. It is controlled by the law of the forum, and this is the forum. Supposing the law of Iowa was thirty years, could they sue after that?”

“The COURT: The court’s position in this matter is this: You will remember when the demurrer first came up, it appeared upon its face that it was a suit upon this note, a foreign instrument payable in another state, and I sustained the demurrer, and then the amended complaint was filed in this court setting up

(Testimony of Cleve W. Van Dyke.)

this letter from Mr. Van Dyke to Mr. Smith, and you will remember my ruling on that. I have gone through the matter as far as I care to, and I am going to adhere to that ruling, that the effect of that letter is determined by the Iowa law and not the Arizona law. When that letter revived that, they could bring that action within four years, or within such time as the complaint alleges that he was out of the state.”

“Mr. CHARLES RAWLINS: * * * They are not suing upon the new promise; they are suing upon the notes. You can’t make an instrument in Arizona, and make it apply under Iowa law.”

“The COURT: You can save that point. I didn’t have that feature of it before me. The objection will be overruled.”

“Mr. RAWLINS: We except.”

* * * * *

“Judge DARNELL: We don’t have the notes, we are going to show that the notes are lost. We are going to show that these notes are lost, and introduce secondary evidence.”

[124]

Mr. Hoval A. Smith and I signed those two notes set out in the second amended complaint of the plaintiff, being in the amount of Five Thousand Dollars each, both dated October 30th, 1917,

(Testimony of Cleve W. Van Dyke.)

and both payable to the plaintiff, in Chicago, signed in Chicago on October 30th, 1917. I signed these notes. There were two signatures on the notes. I signed one of the signatures and Mr. Smith's signature is on there too. There were three notes. I have not paid those that are sued on.

“Q. You paid on the note set out on page 2 of the complaint on April 14th, 1927, ten years, practically ten years after the execution of the notes, Five Hundred Dollars, didn't you?”

“The WITNESS: Well, presume I might answer that the way it occurred, Judge.”

“Q. Well, I would like an answer whether he paid Five Hundred Dollars on the note or not, and then he can explain it.”

“A. I paid Five Hundred Dollars, but it was on a contract of settlement of the notes.”

“Q. All right. What contract was that; what contract was that you refer to?”

“A. That was one entered into between Mr. Parker and myself at Long Beach in April, 1927, concerning the settlement of those notes.”

“Q. Was it in writing, the contract?”

“A. No.”

The conversation between Mr. Parker and myself took place in California, partly at my home, in April, 1927. I was in Long Beach then. I believe my wife was there and was living [125] with me

(Testimony of Cleve W. Van Dyke.)

at that time. No other members of my family were there. Mrs. Van Dyke and I were there. I was there part of the time alone. I was ill at the time before she came down. I was only there when I was ill. I was there several weeks; I don't recall the exact number of days. If I remember it, I had this conversation with Mr. Parker in Long Beach, California, somewhere between the 8th of April and 15th of April; along in there, in 1927.

“Q. No, on June 13th, 1927, you also paid Five Hundred Dollars, didn't you, on this note set out on page 2 of the complaint?”

“A. I made—I made several payments, completing this arrangement in settlement of those notes with Mr. Parker. I can explain that if you want me to.”

On May 21, 1927, I wrote a letter to Mr. Bascom **Parker, the plaintiff**, at Niles, Michigan, and enclosed a check for Five Hundred Dollars.

(Thereupon said document was marked “Plaintiff's Exhibit 1 for identification.”)

At that time I was staying in Long Beach, California. My home was in Miami, Arizona. I was in Long Beach for illness, and my wife was with me.

“Q. You were living in the house in Long Beach that you built for you and your wife, built to live in? ‘Yes’ or ‘No’. You were living in this house in Long Beach, California which you had built to live in, sick or well?”

(Testimony of Cleve W. Van Dyke.)

“The WITNESS: I was staying there at the time, yes sir.”

“Q. Do you make any difference—do you differentiate between ‘residing’ and ‘living’ at this place?” [126]

“A. Yes, I did. My home—I can explain—my home was in Arizona and I was there temporarily receiving treatment from a physician and staying there during that period of time.”

That was my position in the matter. I do not deny that I was there. I was not living and maintaining a home there. I was maintaining my home in Miami. My family was in Miami most of the time. I lived in Miami.

On June 13, 1927, I sent Mr. Bascom Parker Five Hundred Dollars more from Long Beach, California, and I wrote the letter that you hand me. I was staying in Long Beach, California, at that time. I was there temporarily. I will not say I was “living there”, because I was not. That was not my permanent residence. Part of the time I was staying there in that house I built and my wife was with me part of the time.

(Thereupon the letter dated June 13, 1927, was marked for identification “Plaintiff’s Exhibit 2 for identification.”)

July 15th, 1927 was along towards the end of my stay in Long Beach. I wrote that letter to Mr. Parker and sent him Five Hundred Dollars. I was

(Testimony of Cleve W. Van Dyke.)

in Long Beach when I wrote it. I had been there since April; most of my time, I think; I am not positive.

Thereupon, the letter referred to was marked "Plaintiff's Exhibit 3 for identification.")

(Witness excused)

"Judge DARNELL: We will call Mr. Parker, the plaintiff. So as to be logical, we will have to split up the testimony of this plaintiff, and offer some depositions. We avow we will very fully prove as to these notes being lost."

"Judge PATTEE: We will use this plaintiff in the proof to a certain point, and then by leave of Court, withdraw him." [127]

TESTIMONY OF BASCOM PARKER

Plaintiff, Bascom Parker, being called as a witness in his own behalf, and having been duly sworn testified as follows:

Direct Examination

My name is Bascom Parker. I am a resident of Niles, Michigan, and am the plaintiff in this case. I know Hoval A. Smith and Cleve W. Van Dyke, the defendants, very well. In the City of Chicago, Illinois, on October 30, 1917, there were executed and delivered to me the notes set out on pages 2

(Testimony of Bascom Parker.)

and 8 of the second amended complaint. They were delivered to me on that date by the defendant Cleve W. Van Dyke.

“Q. Now, what did you do with those notes, if anything, as to the custody and possession of them? The whereabouts of the notes?”

“Mr. CHARLES RAWLINS: Now, if the Court please, I don’t know whether they are going to produce copies of those notes, and if they don’t, this does not meet the requirements. We object to it.”

“Judge DARNELL: On what ground?”

“Mr. CHARLES RAWLINS: On the ground that the notes are barred by the statute of limitations of the State of Arizona for the reason that more than four years has accrued after the maturity of the notes before the bringing of this action.”

“The COURT: That objection runs all the way through the case.”

“Mr. CHARLES RAWLINS: Note our exception to all of this procedure.”

“The COURT: Yes.” [128]

“Mr. CHARLES RAWLINS: I do that to save time.”

“The COURT: It is understood that the objection and exception goes to all this line of testimony.”

“Judge DARNELL: We can’t introduce the notes, because we don’t have them. I have made that avowal.”

(Testimony of Bascom Parker.)

The WITNESS: "A. I had them in my possession, and when the first note come due, I put it through the bank, and Mr. Van Dyke, I understand, paid it; it was paid."

That was one of them. Altogether there was that one and these two others. All were signed at the same time and at the same place, and by the same parties. I could not tell you the date when the third note, or the note not set out in this complaint was paid by Mr. Van Dyke. I think that was presented at his home. That was along in August or September; I can't just remember. That was the following year after the first note was executed, that was the one I sent through the bank; I discounted it with the Exchange Bank in Palatka, Florida. As to the other two notes, set out in the second amended complaint on pages 2 and 8, and which are being sued on in this action, they were past due, and R. C. Lubiens of St. Ansgar, Iowa was interested in the corporation with Mr. Van Dyke. I borrowed some money on those notes to Lubiens and Lubiens told me he would collect them. I did not send the notes to Lubiens, I took them home.

"Q. You took them to this bank in St. Ansgar?"

"A. I borrowed some money on them."

I received them back later from the bank. After that I kept them until I sent them out here. I delivered

(Testimony of Bascom Parker.)

the notes to an attorney, Mr. Robert E. Proctor. I sent them over to him along in April, I believe, or January, I forget the month of last year, I turned them over to Mr. Proctor of Elkhart, Indiana. I have not had them in my possession since.
[129]

(Thereupon the witness was temporarily excused)

(Thereupon there was admitted in evidence the deposition of Robert E. Proctor, taken on stipulation on behalf of the plaintiff)

DEPOSITION OF ROBERT E. PROCTOR

My name is Robert E. Proctor. I am 50 years of age. My residence is 201 Monger Building, Elkhart, Indiana. I am a lawyer. I have known the plaintiff Bascom Parker, about twenty-seven years. I have acted as attorney for the plaintiff, Bascom Parker, from about May 1, 1930 to and including the present date, March 6, 1933.

I have seen and had in my possession two certain instruments purporting to be promissory notes, one for the sum of \$5000. bearing date Chicago, Illinois, October 30, 1917, and payable on or before December 30, 1918 at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa, and bearing interest at 6% per annum, and the other for the sum of \$5000. bearing date Chicago, Illi-

(Deposition of Robert E. Proctor.)

nois, October 30, 1917, payable on or before June 30, 1919, at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa, and bearing interest at the rate of 6% per annum, and signed by Hoval A. Smith and Cleve W. Van Dyke.

I first saw these notes on or about May 28, 1930, when they were brought to my office, Suite 201 Monger Building, Elkhart, Indiana, by Bascom Parker and his son Carson Parker, of Niles Michigan, and left with me for collection. I forwarded them to Graham Foster, attorney at law, at Globe, Arizona, on June 30, 1930. These notes were forwarded for collection and suit if not collected without suit. I wrote a letter to Graham Foster, enclosing said notes. He acknowledged receipt of same by letter dated July 5, 1930. A copy of my letter to Mr. Foster and the original letter from him is attached hereto. [130]

(Thereupon said documents attached to said deposition were read in evidence, and are in words and figures following:

“COPY

“ROBERT E. PROCTOR

Monger Bldg., Elkhart, Indiana

June 30, 1930

“Mr. Graham Foster,
Globe, Arizona

Dear Sir:

“I am enclosing herewith the following notes:

(Deposition of Robert E. Proctor.)

Amount, \$5000.00; Payable to, Bascom Parker;
When due, December 30, 1918; Balance
due, \$8171.95. Amount \$5000.00; Payable
to, Bascom Parker; When due, June 30,
1919; Balance due, \$8196.34.

both notes being dated October 30, 1917, at
Chicago, Illinois, and bearing interest at the
rate of 6% per annum and both signed by H. A.
Smith and Cleve W. Van Dyke. Both notes
are to bear 7% interest after maturity.

“Will you please take this up with Mr. Van
Dyke and advise me at once what can be
done with these notes.

Yours very sincerely.

REP/r

Enc.

”

“GRAHAM FOSTER

Attorney at Law

Globe, Arizona

July 5, 1930

“Mr. Robert E. Proctor,
Monger Building,
Elkhart, Indiana.

Dear Sir: [131]

“In Re: Bascom Parker vs. Hoval Smith &
Cleve Van Dyke

“Your letter of July first with two notes,
dated October 30, 1917, for \$500.00 each, one

(Deposition of Robert E. Proctor.)

payable December 30, 1918, and the other June 30, 1919, to Bascom Parker, arrived on this morning's mail.

"I note on the note due December 30, 1918, a payment on April 14, 1927 and a payment on June 13, 1927 of \$500.00 each endorsed thereon.

"I also note the other note has a payment of \$500.00 endorsed as having been paid on May 31, 1927, and the same amount on July 20, 1927. When these notes were executed, the statute of limitations in our state was four years. It is now six years. I anticipate the statute of limitations will be pleaded as a defense, and therefore any correspondence had with the makers of the notes may be very material. Whether the payments above referred to were made before the statute had run or after it had run may also be material. That is, there may have been a valid estension of time to toll the statute beyond the date of such payments.

"I have not had the opportunity to make a close examination of the authorities, beyond the authorities in this state, upon this question. Generally, a payment before the statutes have run will toll the statute, while a payment made afterwards may not do so.

"I wish you would give me such information along this line that you may have by return mail. Cleve W. Van Dyke is financially responsible. He disposed of his Public Utilities Hold-

(Deposition of Robert E. Proctor.)

ings during the past year at a price around \$800,000.00. He has considerable property in this county and also in other counties [132] in this state. I do not know the financial standing of Hoval A. Smith. I have known of him for a very long time. He has been associated with Cleve W. Van Dyke in several matters. I would appreciate a check for \$250.00 on account.

Yours truly,

(Signed) Graham Foster

GF-fg

”

(Thereupon the reading of the deposition into evidence was continued)

Since forwarding the notes, as I have heretofore testified, I have not seen them, or either of them. I have examined copies of the first amended complaint and the second amended complaint. The notes as set forth in the second amended complaint in this action in paragraph III of the first cause of action and paragraph III of the second cause of action, are true and correct copies of said promissory notes, and each of them. I have not read the original complaint. The copies of the notes as set forth in the first amended complaint are true and correct copies of the original promissory notes.

I have seen a copy of a letter dated January 1st, 1927, and addressed to Mr. Hoval A. Smith care of Senator Ralph H. Cameron, Senate Office Build-

(Deposition of Robert E. Proctor.)

ing, Washington, D. C., and purporting to have been written or dictated by defendant Cleve W. Van Dyke. A copy of that letter was delivered to me by Bascom Parker of Niles, Michigan, on or about May 26, 1930, at the same time he delivered the promissory notes to me for collection. It was kept in my file of the case of Bascom [133] Parker vs Hoval A. Smith and Cleve W. Van Dyke, my file No. 3724, until January 26, 1933, when I forwarded it to attorneys Kingan, Darnell & Nave, by mail to Tucson, Arizona. The copy of said letter has been in my possession continuously from on or about May 26, 1930, until I forwarded and transmitted it to attorneys Kingan, Darnell & Nave on January 26, 1933.

(Thereupon the copy of said letter in the envelope, registered mail, mailed at Elkhart, Indiana, January 27, 1933, registered to Kingan, Darnell and Nave, was marked Number 4 for identification)

I have never read the original complaint, but the copy of the letter is copied correctly in the first and second amended complaints in this action, with the following exceptions:

“1. In the second amended complaint, in line 1, page 4, the figure \$5,000 should read \$15,000.

“2. In the second amended complaint, in line 20, the same being line 4 of the second paragraph, on said page 4, the word ‘and’ should read ‘had’.

(Deposition of Robert E. Proctor.)

“3. In the second amended complaint, in line 39, the same being line 10 of the third paragraph, on said page 4, the word ‘the’ should be added at the end of said line.

“4. In the second amended complaint, in line 13, the same being line 2 of the second paragraph on said page 5, the word ‘obliged’ should read ‘obligated’.”

(Thereupon, at the request of Judge Darnell, no objection being made, the copy of the letter in the complaint was amended in open court as testified to by Mr. Proctor)

(Thereupon the following exhibit attached to the deposition was read) [134]

“Copy

KINGAN, DARNELL & NAVE

Consolidated Nat’l Bank Bldg.,

Tucson, Arizona.

January 21st, 1933.

“Mr. Robert E. Proctor,

Monger Building,

Elkhart, Indiana.

“Dear Sir:

“In Re: Parker v. Van Dyke, et al

“This morning we were served with a notice for inspection of notes sued upon.

“That is the title of the motion, but the motion seeks that the defendant Van Dyke, or his attorneys, be given *and* opportunity at the

(Deposition of Robert E. Proctor.)

earliest convenient date to inspect the original of that certain alleged letter, a copy of which is contained in paragraph 5 of plaintiff's second amended complaint; said original letter being addressed to Mr. Hoval A. Smith, dated January 1, 1927, and signed by Cleve W. Van Dyke, in accordance with paragraph 4464, 1928 Arizona Code.

"The defendant alleges that he cannot properly prepare an answer to plaintiff's second amended complaint until defendant, or his attorneys, have inspected the letter for the purpose of ascertaining the authenticity of the signature attached thereto, and for the further reason of affirming the dates contained in said letter as to whether or not there has been a typographical error, as alleged in paragraph 6 of plaintiff's second amended complaint.

"This motion will probably be granted and we shall have to produce the copy in your possession which was delivered to Mr. Parker.

"We must know at once whether or not Mr. Parker, and other essential witnesses, will come to Tucson for this trial. [135] If not, the procedure for taking depositions, as you know, is rather more cumbersome in the Federal Court than in the state courts, and we should proceed at once to take any depositions necessary.

"Please let us hear from you fully,

Very truly yours,

KINGAN, DARNELL & NAVE

GRD:G

By George R. Darnell"

(Thereupon the deposition of Carson P. Parker was admitted in evidence).

DEPOSITION OF CARSON P. PARKER

My name is Carson P. Parker, my residence is 1623 Oak Street, Niles, Michigan. I have known the plaintiff Bascom Parker for forty four years. I am his son. I am acquainted with Mr. Robert E. Proctor, an attorney at law of Elkhart, Indiana, and have known him about twenty five years. Mr. Proctor was the attorney for Mr. Parker from May 1, 1930 to the present time.

Either on the date the notes were executed or the following day, at Niles, Michigan, in the home of my father, Bascom Parker, at 401 Main Street, where I was living at that time, I saw two instruments, purporting to be promissory notes, one for the sum of \$5000 bearing date Chicago, Illinois, October 30, 1917, and payable on or before December 30, 1918, at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa, and bearing interest at 6% per annum, and the other for the sum of \$5000 bearing date Chicago, Illinois, October 30, 1917, payable on or before June 30, 1919, at the St. Ansgar Bank of Brush, Lubiens & Annis at St. Ansgar, Iowa, and bearing interest [136] at the rate of 6% per annum, and signed by Hoval A. Smith and Cleve W. Van Dyke. I saw them at least a dozen times during the period from October 31, 1917 until about May 26, 1930. I have

(Deposition of Carson P. Parker.)

read what purports to be copies of said promissory notes in the first amended complaint and in the second amended complaint. They are true and correct copies of the promissory notes which are heretofore described in the preceding interrogatories, the originals of which I have seen and read. I first saw these notes when my father, Bascom Parker, returned from Chicago to our home in Niles, Michigan on October 31, 1917. The notes were kept in a lock box rented by the family in the City Bank and Trust Company in Niles, Michigan, to which box I had access. I saw the notes at least at dozen times during the period from October 31, 1917 to May 26, 1930, when the notes were taken by my father to the office of Robert E. Proctor at Elkhart, Indiana. I accompanied my father to the office of Mr. Proctor and was present when he delivered the notes to Mr. Proctor for collection. The only time these notes were out of Niles, except when delivered to Mr. Proctor for collection, was when they were forwarded to the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa, for a period of more than one year. They were then returned to my father at Niles. I did not see them while they were in Iowa, but did see them immediately upon their being returned to Niles.

(Thereupon the deposition of Mrs. Annie E. Parker was admitted in evidence).

DEPOSITION OF MRS. ANNIE E. PARKER

My name is Mrs. Annie E. Parker. My residence is at 1651 Oak Street, Niles, Michigan. I have known the plaintiff Bascom Parker for fifty years. I am his wife. I have known Mr. Robert E. Proctor, an attorney at law, at Elkhart, Indiana, [137] about twenty seven years. Mr. Proctor was the attorney for Mr. Parker from about May 1, 1930 to the present time.

I first saw the two instruments purporting to be promissory notes, one for the sum of \$5000 bearing date Chicago, Illinois, October 30, 1917, and payable on or before December 30, 1918, at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa, and bearing interest at 6% per annum, and the other for the sum of \$5000 bearing date Chicago, Illinois, October 30, 1919, at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa, and bearing interest at the rate of 6% per annum, and signed by Hoval A. Smith and Cleve W. Van Dyke, when my husband Bascom Parker returned to our home at Niles, Michigan, with the notes, the day after they were executed. I saw them at least a dozen times between the period from October 31, 1917, until about May 26, 1930. I have read what purports to be copies of said promissory notes in the first and second amended complaint. The copies of said notes as set forth in the complaint, or amended complaints, that I have read, are true and correct copies of the promissory notes which are heretofore described

(Deposition of Mrs. Annie E. Parker.)

in the preceding interrogatories, the originals of which I have seen and read.

I first saw these notes when Bascom Parker returned to our home at Niles, Michigan, from Chicago, Illinois, on October 31, 1917. The notes were kept in a desk in the house for some little time, where I saw them frequently, and were then taken to a lock box in the City Bank and Trust Company at Niles, Michigan, rented to the family, and to which I had access, and where I saw them several times. I saw the notes when they were sent to the bank of St. Ansgar of Brush, Lubiens & Annis, at St. Ansgar, Iowa, for a collection. I saw them again when they were returned from the St. Ansgar bank and then again when they were taken from the bank at Niles, Michigan, to be delivered to Mr. Proctor for collection. [138]

(Thereupon the deposition of Mary Reiner was admitted in evidence)

DEPOSITION OF MARY REINER

My name is Mary Reiner. My residence is 1500 West Indiana Avenue, Elkhart, Indiana. I am a stenographer. I am employed by Robert E. Proctor, and was in his employ during the month of May, 1930. I have known the plaintiff Bascom Parker since May, 1930. I know a Miss Chleo Dine-

(Deposition of Mary Reiner.)

hart. She has been employed in the same office as myself for about eighteen years.

I have seen the two instruments purporting to be promissory notes, one for the sum of \$5000, bearing date Chicago, Illinois, October 30, 1917, and payable on or before December 30, 1918, at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa, and bearing interest at 6% per annum, and the other for the sum of \$5000, bearing date Chicago, Illinois, October 30, 1917, payable on or before June 30th, 1919, at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa, and bearing interest at the rate of 6% per annum, and signed by Hoval A. Smith and Cleve W. Van Dyke. I first saw them on or about May 26, 1930, when they were handed to me by Miss Chleo Dinehart, in the office of Robert E. Proctor. On June 30, 1930, these notes were forwarded to Mr. Graham Foster, at Globe, Arizona. I typed the letter in which the notes were enclosed, at the direction of Miss Chleo Dinehart, enclosing the notes in the letter and mailed the letter.

I have read the copies of the first and second amended complaints in this action. The copies of the notes contained in the first and second amended complaints, copies of which I have read, are true and correct copies of the promissory notes described in the preceding interrogatories. I base this statement on the fact that I saw the notes when they were left with Mr. Proctor for collection and

(Deposition of Mary Reiner.)

again when I enclosed them in a letter [139] to Mr. Proctor at Globe, Arizona. I have never seen them since they were forwarded to Mr. Foster, and they have never been in Mr. Proctor's office since that time.

(Thereupon the deposition of Miss Chleo Dinehart was admitted in evidence)

DEPOSITION OF MISS CHLEO DINEHART

My name is Chloe Dinehart. My residence is 2101 Prairie Street, Elkhart, Indiana. I am a secretary. I am employed by Robert E. Proctor, and was in his employ during the month of May, 1930. I have known the plaintiff Bascom Parker since May, 1930. I know Miss Mary Reiner. She is employed in the same office as I am and has been so employed for the past five years.

I have seen the two instruments purporting to be promissory notes, one for the sum of \$5000.00 bearing date Chicago, Illinois, October 30, 1917, and payable on or before December 30, 1918, at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar, Iowa, and bearing interest at 6% per annum, and the other for the sum of \$5000. bearing date Chicago, Illinois, October 30, 1917, payable on or before June 30th, 1919, at the St. Ansgar Bank of Brush, Lubiens & Annis, at St. Ansgar,

(Deposition of Miss Chleo Dinehart.)

Iowa, and bearing interest at the rate of 6% per annum, and signed by Hoval A. Smith and Cleve W. Van Dyke. I first saw these notes on May 26, 1930, when Mr. Parker left them with Mr. Proctor for collection and Mr. Proctor turned them over to me.

On June 30, 1930, I dictated a letter to Miss Mary Reiner, which letter was addressed to Graham Foster at Globe, Arizona, in which letter the notes were forwarded to him for collection. I did this at Mr. Robert E. Proctor's direction. [140]

I have read the copies of the first and second amended complaints in this action. The copies of the notes set forth therein are true and correct copies of the promissory notes described in the preceding interrogatories. I know from the fact that I examined them at the time they were turned over to me by Mr. Proctor. I have never seen them since the day they were forwarded to Mr. Graham Foster, and they have never been in this office since that day.

TESTIMONY OF FRANCES GIACOMA

Frances Giacomma, being called as a witness on behalf of the plaintiff, and having been duly sworn according to law, testified as follows:

Direct Examination

My name is Frances Giacomma. I reside now in Phoenix, Arizona, and have resided there about two

(Testimony of Frances Giacomma.)

years. I am now employed by the Corporation Commission. I lived in Globe, Arizona, up until 1931. While in Globe I was employed by Graham Foster from December, 1928 to January 1931. I was a stenographer in Mr. Foster's office. I recall the matter of the preparation of the complaint in this case in Mr. Foster's office. I wrote the original complaint in this action, filed January 21, 1931.

“Q. Now I will call your attention to the notes copies—copies of the notes in this complaint, and ask you whether or not at the time you wrote the complaint, you had the original notes in your possession?”

“Mr. CHARLES RAWLINS: I assume our objection goes to this?”

“The COURT: The record may so show”.
[141]

“Mr. CHARLES RAWLINS: And our exception goes to the ruling?”

“The COURT: All right.”

“The WITNESS: Yes, I copied these notes from the original notes.”

I do not know what became of the notes after I had typewritten the complaint. I never saw them after that. I don't recall what I did with them after I wrote the complaint. At the time this complaint was written Mr. Foster was located in the Jones Building. We moved from that building to the Michaelson Building, I think it was, and the

(Testimony of Frances Giacomia.)

files went with us in the office. He removed again to Phoenix. I do not know whether those files were moved to Phoenix, but I know he did move to Phoenix.

Cross Examination

I was working when he moved from the Jones Building. This complaint was prepared in the Jones Building, I think. I think it was prepared at the time it was filed. I worked for him from December 1928 until about—on or about the 30th day of January, 1931.

I don't know about the date the complaint was filed. I left there about the 30th day of January, 1931, and I know I prepared the complaint. I do not know when Mr. Foster moved to the Marks Building. The notes that I copied into this complaint had signatures on them. I am sure of that. I have not seen them since that time. They were signed by Hoval A. Smith and Cleve Van Dyke. I am positive about that. I got them when I was making out the complaint; I copied them into the complaint, and I don't remember seeing the notes after. I don't know where the Fosters kept papers of that kind. I was familiar with the affairs of the office, but I don't know where he kept those notes. I don't remember if he had a place where he kept notes. I don't know whether or not he took all of his [142] files from the office to Phoenix. I don't know the exact date when he moved. I don't know how many times he moved when he

(Testimony of Frances Giacomma.)

got to Phoenix. I don't know whether he was in the Title and Trust Building for a while and the Security Building.

(Witness excused)

TESTIMONY OF JAMES R. MALOTT

James R. Malott being called as a witness on behalf of the plaintiff, and having been duly sworn according to law, testified as follows:

Direct Examination

My name is James R. Malott. I am a practicing attorney at Globe, Arizona. I have practiced law there about eighteen years. I am a member of the firm of Morris & Malott. I knew Mr. Foster, the attorney for the plaintiff in this action in his lifetime. He died, as I recall, in August of 1932. Upon his death Mrs. Foster got in touch with me—I was in Los Angeles at the time, and I came home and was requested by her to go through his files, and to take over his files and the business. That is, notify his clients of his death, and deliver the files to them. In regard to the files in this case, which is the case of Bascom Parker, plaintiff, against Hoval A. Smith and Cleve W. Van Dyke, defendants, number L-202, Globe, I took charge of that file, and notified the client or the attorney for the plaintiff in this case of the situation. I made a search for the notes involved in this action. I delivered the files in this case to your office. Before delivering

(Testimony of James R. Malott.)

it to your office I made a search in the file for the notes the first time that it was presented to me. I might explain, before I came, Mrs. Foster had segregated a so-called "live file", which required immediate attention after Graham's death, Mrs. Foster said. This was one [143] of those pending matters, and she requested that I take some action in respect to those matters, and in going through this file before it was moved up to my office, I noticed that the notes were missing, and called her attention to that fact before the files were sent up to Globe, and in endeavoring to locate the notes, or the notes that were missing there, we went to several of the banks in Phoenix to locate a safety deposit box, and later I wrote to all of the banks I knew of in Phoenix to locate a safety deposit box, but we found none; Mr. Foster had no safe in his office in the Security Building in Phoenix, where he died.

I made search and inquiry in Globe, and I believe Miami, with reference to the notes. We either called up or wrote to the banks to see if Mr. Foster had a safety deposit box, and he had none. As to during what period of time I searched for those notes, I could verify the date of those letters that I wrote to the different banks, but sometime after the files were turned over to you, we wrote to those different banks, possibly in November of 1932, or thereabouts, and received their reply, and as I had time, I went through the files of Mr. Foster that we delivered to you, and checked, not

(Testimony of James R. Malott.)

only for those notes, but to see what the status of the files were. I was not able to find the notes. I took the matter up with Mrs. Foster and made a search for them.

“Q. Was she able to give you—did she make a search to your knowledge?”

“A. She advised that she did not know where——”

“Mr. CHARLES RAWLINS: We object to that as hearsay.”

“The WITNESS: She suggested that I should inquire of certain other people.”

I did inquire and could not discover the notes. Mrs. Foster is at Plainfield, New Hampshire. She left Phoenix about a month after Mr. Foster's death, as I recall, early in September [144] of 1932, and has been either in Plainfield or employed since that time.

I know Cleve W. Van Dyke, the defendant in this case.

“Q. Do you know whether or not Mr. Van Dyke was absent from the State of Arizona subsequent to January, 1927, Mr. Malott?”

“A. Yes.”

“Q. Do you know where he lived during his absence from the state of Arizona?”

“A. Well, that depends on what you term ‘lived’.”

“Q. Well, where he ate and slept?”

“A. Well, I have met him over in Long Beach since that date.”

(Testimony of James R. Malott.)

On one occasion, I believe I went to his home or his residence, and on one occasion I met him in an office. As I recall, it was a cottage bungalow or something in Long Beach, North Long Beach. I can't recall that his wife was present at that particular time. I think she was in Long Beach at that time. I could not tell you whether his daughter was there. The time I went to his residence, I can't be sure of; I know I was over there on two occasions when I met Mr. Van Dyke in 1928. One was early in the spring, and one was in August; I remember the August visit. I do not know when Mr. Van Dyke left Globe that year.

“Q. Do you know he was absent from Globe?”

“A. Well, Miami, I assume you mean; he lived at Miami.”

“Q. Yes, I mean Miami?”

“A. No, I could not give you any dates. I understood he was away over there, and I went to see him in Long Beach on two occasions.”

At the time I first went over to Long Beach I do not know how long he was absent from the State of Arizona; nor the next time [145] I went over to see him.

Cross Examination

After I received the notice, I think it was about three days that I was in his office at Phoenix. I do not know who was in the office before that. As

(Testimony of James R. Malott.)

to who had handled the papers or what shape they were in before I got there, only I inquired, and received the information from Mrs. Foster. I don't think I made a search for any notes at that particular time, other than I went through a few urgent files. I did not take those to Globe with me at that time. I took them to Globe the following week, I think; possibly eight or nine days after that. The live files, those important files, I had taken to Globe, and the balance, I think there were four filing cases, were shipped by Alabam stage. That was possibly two or three weeks after his death. I did not go to his office there that he had in Globe in the Michaelson Building. That office was a store-room for Mr. Foster's books, and I think there were some other books there. Hill and Hill officed in there. He left them there.

“Q. And you didn't go through any of those at all in your office?”

“A. Very little.”

I did not go through that office in the way of a search; I examined. I have been in the office. I could not tell you whether he had a safe when he lived in Globe. I think there was a safe there in the Michaelson office. I could not tell you if it was marked “Foster & Foster”. I do not recall that I had been in that safe. The safe, I think, was turned over to Mr. Michaelson. I don't know whether that is his safe, or the Hill and Hill safe. I could not tell you if that is the same safe that he had in the

(Testimony of James R. Malott.)

Jones Building. I could not tell you if I ever saw that in the Jones Building. At the time of his death he was officing in the Security Building in Phoenix. When he first went to Phoenix, he was going in partnership with Harold Elliott. I have never been in that office [146] while he was there. I understand he occupied that building a very short time, but I could not tell you positively; just a few months I imagine.

(Witness excused)

“Judge DARNELL: We offer at this stage, the copies of the notes in the complaint, and ask that they be introduced in evidence as set out at page 2 and page 8 of the second amended complaint.”

“Mr. CHARLES RAWLINS: I object to the introduction of those notes for the reason that the action was not commenced in Arizona without four years after the maturity of the notes, the notes being foreign notes, and that they are barred by the statute of limitations. And we further object for the reason that it appears from the evidence that they have been barred, and there is nothing in the record to revive the running of the statute of limitations. The letter of January 1, 1927, is no evidence, signed or written by this defendant, under the construction placed upon this statute by the Supreme Court of Arizona. Now, we set that up in two ways: No evidence that it was written or signed and no evidence that he signed this on January 1, 1927, and

there is nothing in the record today to relieve the statute of limitations in Arizona. This is a foreign bill, and under the laws of Arizona, it must be sued upon within four years after its maturity, and the Arizona statute and the construction placed upon the laws of Arizona by the Supreme Court of this state prevails. This is the forum, and not in Iowa.”

“The COURT: I have ruled on that, in my judgment. We have gone through that, and my mind is made up, and the notes will be admitted. That is, a copy of the notes will be admitted in evidence at this time.” [147]

“Mr. CHARLES RAWLINS: Now, our objection is overruled and exception noted?”

“The COURT: Yes, very well.”

“Mr. CHARLES RAWLINS: Now, we take an exception to the foundation, that they have been lost; it has not been shown that they are lost yet.”

“The COURT: Counsel has raised the section of our Arizona statute.”

“Judge DARNELL: We are offering secondary evidence to show that the notes, that the execution of them were admitted, and the turning over of the notes to Mr. Foster, and search by Mr. Malott, and we are unable to produce them; they have been lost. They were not turned over to us as succeeding attorneys in the case and we can’t produce them, and we have shown why.”

“The COURT: The Court has ruled on that.”

“Mr. CHARLES RAWLINS: May we have an exception?”

“The COURT: Yes.”

Thereupon said documents, appearing on pages 2 and 8 of the second amended complaint in this action, are now introduced and admitted in evidence, and are in the words and figures following:

“Page 2

“\$5,000.00 Chicago, Illinois, October 30, 1917

On or before December 30, 1918, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker, at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may be recovered. Note or interest [148] not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgd) HOVAL A. SMITH

CLEVE W. VAN DYKE

No. 23716

P. O. Miami, Ariz.

and Chicago.

[Endorsed]: April 14th, 1927, paid

hereon by check, \$500.00

June 13th, 1927, paid hereon by

check, \$500.00”

“Page 8

“\$5,000.00 Chicago, Illinois, Oct. 30. 1917.

On or before June 30, 1919, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgd) HOVAL A. SMITH

CLEVE W. VAN DYKE

No. 5793

P. O. Bisbee Ariz.

Miami, Arizona.

[Endorsed]: May 21st, 1927, paid

hereon by check, \$500.00

July 20th, 1927, by check, 500.00''

[149]

TESTIMONY OF BASCOM PARKER
(RECALLED)

Bascom Parker, recalled as a witness in his own behalf, testified as follows:

Direct Examination

The notes now in evidence, set out in the second amended complaint on page 2 and page 8, have not been paid. On the note set out on page 2, there is a payment of \$500.00 made on April 14, 1927. It is on this note here (indicating) April 14th. Another payment was made on that note for \$500.00 on June 13, 1927. That is as to the note that is payable on or before December 30, 1918. On the note payable on or before June 30, 1919, set out on page 8 of the second amended complaint, there were payments made by check on May 21, 1927, of \$500.00 and July 20, 1927 of \$500.00. That is not all that has been paid on them. He paid on April 14th, he gave me that check when I was in California. That is credited on the note. I have testified to that, April 14, 1927, by check, five hundred dollars. Nothing more has been paid, two thousand dollars; one thousand dollars on each one.

I saw Cleve W. Van Dyke on or about January 1, 1927, in his office at Miami. We had considerable talk a couple of days before that on our trip to Phoenix and back relative to the payments of these notes, but I met him in the morning there, and he called up Hoval Smith, and thereafter advised me that Hoval Smith, the last he heard was he was

(Testimony of Bascom Parker.)

in New York, but he would be back in Washington probably in three or four days, so Van Dyke wrote a letter to Hoval Smith in my presence; he dictated the letter to his stenographer. He gave me a copy of that.

“Q. A copy that he signed right there in your presence?”

“A. Copy of the same letter.”

I saw it written, and Mr. Van Dyke, when she finished, took the copy and walked over to me and handed it to me. [150]

“Mr. CHARLES RAWLINS: My objection made to this letter still goes?”

“The COURT: Yes. He is examining about this letter. I don’t recall just what the testimony was in regard to the execution of the letter. If you want that testimony, I will have the reporter read it.”

“Judge DARNELL: The testimony is that he met Mr. Van Dyke at his office on January 1st, 1927 at Miami, Arizona, and Mr. Van Dyke called up Hoval Smith in relation to ascertaining the whereabouts of Mr. Smith, of Hoval A. Smith, and he got the information that he would be in Washington, and a letter there would reach him, and thereupon the defendant Van Dyke dictates to his stenographer a letter, and when it is written by the stenographer, Mr. Van Dyke took the carbon of that letter and

(Testimony of Bascom Parker.)

handed it to this witness, and I am just about to ask the witness to identify that copy.”

(Thereupon Plaintiff’s Exhibit Number 4 for Identification was examined and read by the witness.)

That is a carbon copy of the letter dictated to the stenographer and written in my presence, and which Mr. Van Dyke handed to me. That is absolutely the letter that he wrote at that time and gave me a copy. I went to Miami to see Mr. Van Dyke and see if I could get payment of those notes; that is how it happened that the defendant Van Dyke wrote this letter. We were having a nice little talk, and he got a telephone call, and I think somebody from town, on the streets, and had a talk, and after he had a talk, he told this fellow to notify Pat to have the Hudson ready. And he come over and says to me “come on and ride over to Phoenix with us”, and I did. Pat Van Dyke [151] of Miami or Globe drove, and he is a good driver too, by the way, and Cleve and I rode over, and I stopped at the hotel—we got there in the evening that night, and we were there the next day, and we left there about dark, and I didn’t want to go on account of the roads, but we started and left, and we got in to Miami kinda late, and I went to bed, and I met him the next morning and we got this letter.

“Q. What was said about him writing this letter, if anything by him to you, before writing it?”

(Testimony of Bascom Parker.)

“A. Why, he had told me that he supposed these notes were paid just the same as he did in that letter. He says ‘Parker, I settled with the St. Ansgar Bank, Hoval Smith and I; Hoval transacted the deal, and all notes would be cleaned up’, and he says ‘I understood that those notes were cleaned up; that the bank still had them’. ‘Well’, I says ‘you see they don’t have them’, so then after talking over our affairs, then he called up Hoval and got Mrs. Smith and found Hoval was out, and then he dictated that letter to get it off to Hoval, and Mr. Van Dyke agreed with me he would not pay any of those notes at the St. Ansgar Bank until they took up my two notes.”

“Judge DARNELL: Now, Your Honor, we offer this in evidence.”

“Mr. CHARLES RAWLINS: We object to it; it is immaterial and incompetent and does not meet the requirements of our Code. It is not an admission in writing, signed by the party sought to be charged, admitting the indebtedness has not been paid. In other words, it does not meet the requirements of the rule laid down by the Supreme Court of this state that [152] it must be an instrument in writing, signed by the party sought to be charged, admitting the existence of the debt, and acknowledging that it has not been paid. We object to the introduction of the letter for the reason

that it does not comply with the statute of Arizona; it is neither an instrument in writing signed by the party sought to be charged, in which he acknowledges the existence of the debt or willingness to pay the same. Nor, is it an executed instrument, the letter, and made no promise in writing at any time, and no foundation has been laid for its admission. Secondary evidence."

(Argument)

"The COURT: Are you introducing this merely as a copy?"

"Judge DARNELL: No, Your Honor, we introduce this because it was his written statement, dictated by him and adopted by him when he handed it to Mr. Parker. I wish Your Honor to see and look at this."

"The COURT: I have seen it."

"Judge DARNELL: We offer it as his letter. We demanded the original, and they said they didn't have it, and haven't got it now. They haven't got one with his signature."

"Mr. CHARLES RAWLINS: This not only is not signed by him as the Code requires, but the two things must concur. They haven't anything, except something dictated to the stenographer. There is no proof that it was signed by him." [153]

"Judge DARNELL: Now, we offer this as an original document."

“Mr. CHARLES RAWLINS: Now, we object to it.”

“The COURT: I am going to reserve my ruling on this.”

“Judge DARNELL: Now, if the Court please, in further support of our motion, I want to call the court’s attention now to the signature ‘Cleve W. Van Dyke’ underneath.”

“The COURT: That is typewritten.”

(Argument)

“The COURT: I am not going to make a final ruling on that at the present time. The execution of this is the important point here, and I am going to admit the paper subject to final ruling in the case. If I am not satisfied that it is admissible, I will rule it out. The law says that it must be signed by the party to be charged, either under the Iowa or Arizona law.”

“Judge DARNELL: I want Your Honor to take the citation.”

“The COURT: I have that, 58 Corpus Juris. The original instrument which you rely on, was the one sent to Mr. Smith?”

“Judge DARNELL: No, we rely on this instrument that we are offering. On this (indicating) one, written by Van Dyke through his agent, signed by the agent for Van Dyke, adopted by Van Dyke, and delivered by Van Dyke to Mr. Parker, all in one transaction. The fact may be that Mr. Smith may never have re-

ceived this. The fact that this was handed to Mr. Parker. Mr. Van Dyke may never have signed it, or he may have changed his mind and never mailed it. Or if [154] he did, it would be sent to Hoval A. Smith, and not to this party. We are offering this on the theory that it is his written instrument—his written statement, signed by him, and delivered to this plaintiff.”

“The COURT: Have you got the letter which was supposed to be written to Mr. Smith in Washington?”

“Judge DARNELL: No, we do not have it; we don’t know whether Hoval A. Smith ever had it or not.”

“Mr. CHARLES RAWLINS: We have in the record here a demand for inspection of it, made January 21, 1933.”

“The COURT: You avow you are not relying on that letter at all. If you relied on that letter, you would call upon Mr. Smith, who is a party, to produce that letter, would you?”

“Judge PATTEE: Yes. We rely on the admission in that, just as if he signed twenty copies, each one of them would be admissible; each one of them would be an independent instrument; each one of them would be proof of whatever was stated therein. If the one sent to Mr. Smith would be produced, it would be admitted.”

“The COURT: It will be admitted, subject to the final ruling, but I have my grave doubts

(Testimony of Bascom Parker.)

whether this is such an instrument as is contemplated under the Iowa or Arizona laws.”

“Mr. CHARLES RAWLINS: Wait just a minute, I hold in my hand the complaint filed in this action, and we now object to the introduction of this letter for the reason it is not a copy; Van Dyke’s initials do not appear upon the copy set out in the complaint, and it is not the same letter.” [155]

“Judge DARNELL: The initials were not put on that. We will ask to amend the complaint.”

“Mr. CHARLES RAWLINS: Oh no.”

“Judge DARNELL: If it becomes necessary to show the initials, we will ask to amend the complaint. We did not write that pleading.”

“The COURT: I am going to admit it at this time, subject to the final ruling.”

“Mr. CHARLES RAWLINS: We may have an exception?”

“The COURT: Very well.”

“Mr. CHARLES RAWLINS: I presume, when the Court finally rules, we will have our exception then also, if the ruling is adverse to us?”

“The COURT: Yes.”

(Thereupon said document was admitted in evidence as Plaintiff’s Exhibit No. 4, and the same is in the words and figures following, to-wit:

EXHIBIT NO. 4 [156]

January 1, 1917

Mr. Hoyal A. Smith,
Care Senator Ralph H. Cameron,
Senate Office Building,
Washington, D. C.

My dear Hoyal:

Mr. Bascom Parker, of Niles, Michigan, arrived in Miami a few days ago asking the settlement of two notes of \$5,000 each, given to him in Chicago August 30, 1917, in payment for his stock in the Calhoun Timber Company. You will recall the deal.

This stock was purchased for the remaining stockholders of the company at the request of Mr. H. C. Elcott, acting for the trustees of the bondholders of the Calhoun Timber Company. The amount to be paid for this stock was \$50,000; \$25,000 of which was to be in Calhoun Timber Company bonds which were owned by the Calhoun Timber Company, and \$10,000 in cash, and \$15,000 in three \$5,000 notes. These notes were to be the joint obligation of yourself, Mr. Lubiens and myself. The cash paid to Mr. Parker was a check against the \$100,000 fund in the St. Ansgar Bank which we had borrowed from Thomas F. Sole, of New York. These notes were to have been paid when due. One of them came due in the following June and was sent out to me to Miami for collection. I paid this note. The two other notes have never been paid and form the basis of a demand on the part of Mr. Parker for payment at this time.

The stock was delivered and was transferred on the books of the company. One third of the stock was delivered to yourself, one third to M. J. Lubiens, and one third to myself. After the company became defunct the \$10,000 owed to Thomas F. Sole became due and as you know I have paid this sum, so that puts me now in the position of having paid \$15,000 of the \$25,000 that was owing to Mr. Parker. After the first note was paid the other two notes were taken over by the St. Ansgar Bank, through Lubiens. Later on one of them was sent to me for collection by the St. Ansgar Bank. I refused to pay the same at the time because I had already paid the same due from me and later I paid a further sum of \$10,000 which was the original cash paid to Mr. Parker.

The notes were returned to the St. Ansgar Bank from the Gila Valley Bank of Miami, the Bank to whom they were sent for collection. The refusal was based upon the grounds that I did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due, as I had paid my share in full.

Hoval A. Smith,
January 1, 1927,
Page 12.

Later on there were some differences between the St. Ansgar Bank on this Calhoun Timber Company matter and yourself and myself. Mr. Lubiens, who was the treasurer of the company, and who was mutually trusted by us at the time, had gathered together a lot of notes which he had placed in the bank and which had been signed by us at various times, and for which we had received no consideration and for which the Calhoun Timber Company had received no consideration. In my opinion at the time this matter was brought to my attention by you and by Mr. Salisbury, the whole matter was a fraud and that the bank could not hold me for any amount.

Time went on and at your insistence an agreement was reached between ourselves and the St. Ansgar Bank. In order to avoid litigation we agreed to a settlement between the bank and ourselves with the understanding that all notes and obligations were to be included within this settlement. No notice has ever been received by me from the Bank of St. Ansgar or Mr. Lubiens that they had not taken up these notes when they were refused payment by me for the cause stated above. I was under the impression that Mr. Lubiens and the bank, having been notified by me that it was their obligation, had assumed these notes and that they were still held by them and was part of the consideration upon which our settlement was based. What was my surprise to learn the other day upon the arrival of Mr. Parker that the bank, instead of including these notes in our settlement as I presumed was being done, had returned the notes to Mr. Parker unpaid. And now Mr. Parker has presented these notes to me for payment.

Now, Hoval, I have tried to be patient in this matter, I have tried to be fair; I have assumed more than my share of the obligation of this disastrous enterprise; I have carried the load for you; I have carried the load for the bank and have paid out practically all the cash money that has been paid out since the final crash of the company. I have secured not one nickle or one dime in salvage from the company and I have even gone so far as to pay the \$100,000 to Mr. Cole which was a joint obligation of yourself, the bank and myself.

I presumed the bank was trying to adjust this thing fairly and on a basis of equity and trying to clear up a nasty mess. When Mr. Parker arrived I explained to him fully what my relationship to the bank was on these matters. I told him that we now have due and payable a note to them of \$10,000. He has notified me that

Marked for

Identification only

JUN 2 1933

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Edw. J. Tamm
Chief Deputy Clerk

Case No. 202-106

Parker vs. Kan. City

Admitted and Filed

JUN 2 1933

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Edw. J. Tamm
Chief Deputy Clerk

Case No. 202-106

Parker vs. Kan. City

Hoval A. Smith,
January 1, 1927,
Page 13.

we must not make this payment to the bank until his matter is adjusted.

I am writing you to inform you of the situation. I request now that you feel obligated to Mr. Parker to fulfill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted, in other words, I request that you, upon your return to Arizona, stop at St. Ansgar, see Mr. Salisbury and present this matter to him. Mr. Parker would have levied upon this payment that we were about to make to the Bank of St. Ansgar had I not stipulated to him as stated above. I suggest that you now have a definite understanding with Mr. Salisbury in reference to this matter. I expect them to treat Mr. Parker as fairly as I have treated them. Our agreement with Mr. Parker was definite. Our arrangement among ourselves was well understood and Mr. Parker is only asking for his rights and what is legitimate. The fact of the matter is I am very much surprised indeed at the action taken by the bank in this matter, especially after the settlement that has been made between them and us. We were trying to seek a way out of our difficulties and the bank unloaded over a quarter of a million dollars of obligations upon myself, which, while it is unfair, was arranged in order to avoid a troublesome litigation and a long period of contest and fighting. As you know, we discussed the matter and we decided that it would take a large sum of money and a long time to work out this litigation. In fact, as you know, your affairs were involved, times were hard and we felt that we might better have an amicable settlement rather than seek our way in the court. It may be that Mr. Salisbury does not know about this situation, and if he does not, you should advise him of it and clarify it as soon as possible.

With kindest personal regards, I am

Yours very truly,

Edw. J. Tamm
Chief Deputy Clerk

ADMITTED AND FILED
JUN 2 1933

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

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MARKED FOR

IDENTIFICATION ONLY
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Edw. J. Tamm
Chief Deputy Clerk

Case No. 202-106

Parker vs. Kan. City

(Testimony of Bascom Parker.)

“Q. (By Judge Darnell) Now, I will call your attention, Mr. Parker, to a letter dated May 21st, 1927, being Plaintiff’s Exhibit Number 1 for identification, and ask you if you received that letter from Mr. Van Dyke?”

“A. Yes, sir.”

(Thereupon said document was admitted in evidence as Plaintiff’s Exhibit No. 1, and the same is in the words and figures following, to-wit:)

EXHIBIT NO. 1.

“Long Beach, Cal., May 21, 1927.

“Mr. Bascom Parker,
Niles, Mich.

Dear sir:

Enclosed please find my check for five hundred dollars as per our understanding.

I am sorry to have delayed the date but I was taken down with an attack of pneumonia and lost two weeks so when I got around again I had to rustle to get the price.

With kindest personal regards, I am,

Yours truly,

Cleve W. Van Dyke.

P. S. I am wiring you today so you may know it is enroute.

C. W. V.”

(Testimony of Bascom Parker.)

“Q. I call your attention, Mr. Parker, to Plaintiff’s Exhibit Number 2 for identification, and ask you if you received that letter from Mr. Van Dyke.”

“A. I did.”

(Thereupon said document was admitted in evidence as Plaintiff’s Exhibit No. 2, and the same is in the words and figures following.) [160]

EXHIBIT NO. 2.

“Long Beach, Cal., June 13, 1927.

“Mr. Bascom Parker,

Niles, Michigan.

Dear Friend:

Enclosed please find my personal check for \$500 as agreed when we met in Los Angeles, Cal.

My wife and daughter are spending a few days in Miami so I am enjoying the marvels of housekeeping.

Trusting that you may have good luck and fulfill some of your expectations

I am

Yours truly

Cleve W. Van Dyke.”

“Q. I hand you Exhibit number 3 for identification, a letter of July 15th, 1927——”

“The WITNESS: Yes, sir, I received that.”

(Testimony of Bascom Parker.)

(Thereupon said document was admitted in evidence as Plaintiff's Exhibit No. 3, and the same is in the words and figures as follows).

EXHIBIT NO. 3.

"Long Beach, Cal. July 15th, 1927.

"Bascom Parker,
Niles, Michigan.

Dear Friend:

Enclosed please find my personal check for \$500 as per my promise to you. I hope that it may not be delayed enroute and that it will reach you by the twentieth of the month.

With kindest regards, I am,

Yours truly,

Cleve W. Van Dyke." [161]

Cross Examination

I received this letter or copy which I testified about after going to Phoenix; the next morning. After the receipt of this letter I left Miami at seven o'clock for Globe, and took the sleeper out of Globe. That was January 1st. I don't know as I remember what day of the week that was. I was in Niles, Michigan, when I received Exhibits 1, 2 and 3 in evidence. I never received them when I was in Iowa at all. Mr. Van Dyke wrote them to me from Long Beach, California. Mr. Van Dyke and I were not in Iowa at the time he wrote this letter of January 1st, 1927. We were in Arizona.

(Testimony of Bascom Parker.)

“Q. Now, did Mr. Van Dyke or Mr. Hoval Smith meet you in Chicago while you were there?”

“A. He said he would telegraph to meet me in Chicago. That is, for Hoval to wire to meet me in Chicago, but Hoval never wired.”

Hoval never wired and I never met him there.

“The COURT: Q. That Hoval Smith was to wire you?”

“The WITNESS: Yes sir, that he would wire Hoval when he passed through to go to Iowa to wire me and ask me to meet him in Chicago, but Hoval never wired me.”

I did not meet Mr. Smith in Chicago as a result of those letters shortly thereafter. The first time I have seen Hoval Smith was yesterday evening in the Coffee Shop of the Pioneer Hotel. I had not seen Hoval Smith for sometime before the date of this letter, the one of January 1, 1927. Absolutely the first time I saw him after the date of the letter of January 1, 1927 was yesterday at the Pioneer Hotel in Tucson, Arizona. I never met or saw him in Chicago and discussed this matter. At the time this letter was written I arrived in Miami about the 27th or 28th of December, and I remember that it was night, [162] it was about eight o'clock I guess. The same afternoon or the same day that I arrived in Miami I made the trip to Phoenix. I telephoned to Mr. Van Dyke at his home there, and he answered

(Testimony of Bascom Parker.)

the phone and told me to come to his office at a certain time that day, and he was calling Phoenix, and he invited me down there, and I rode down there with him. That was probably the same day I got there, or the next forenoon. I stayed in Phoenix that night, and as I remember, we got there while it was still daylight. We got there in the early evening, and we stayed there that night and all of the next day, and we left there just before dark or about dark, and returned to Miami. I left Miami the following evening.

That letter of January 1st was after I went to Phoenix; after I got back, absolutely. I did not dictate part of it. I did not suggest a word of it. He paced up and down the floor and gave the dictation to the stenographer, and he was telling just exactly as I know it. He was dictating the whole transaction just as I knew the transaction.

“Q. You heard the entire letter dictated?”

“A. I did.”

“Q. Did he dictate any signature to the stenographer?”

“A. I could not say.”

(Witness excused).

Testimony of

CLEVE W. VAN DYKE (Recalled)

Defendant, Cleve W. Van Dyke, being called by the plaintiff as an adverse party, on cross examination, under the statute, testified as follows:

Examination

I heard the testimony of Mr. Parker regarding the dictating of the letter that has been admitted in evidence as [163] Exhibit No. 4. It is only partially true. The whole story is confused and all mixed, and not in accordance with the facts. I dictated part of the letter. I was present when all of it was dictated and written. I was there all the time. Mr. Parker and myself and the stenographer were there. I think Miss Tanner was the stenographer. Mr. Parker dictated portions of the letter. Mr. Parker stated that he had been in discussion on the subject, and we visited along and discussed this thing, and we reached the point of where something should be done. I didn't know, just as he said, I didn't know those notes had not been taken up by the St. Ansgar Bank, but we made a settlement with the St. Ansgar Bank and assumed that those notes would be included in that situation, and there was a payment to be made by us to the bank, and he asked for a settlement from Mr. Smith along those lines, and so we, in our conversation, we were reaching out for an expression of our ideas, and we sat down and called the stenographer—it was on New Years Day, and the stenographer was not there, and

(Testimony of Cleve W. Van Dyke.)

we had to send for her, and it was a point where I was not clear, whether we would have the information, and together we dictated the letter. I did not tell the stenographer it ought to be signed. We did not sign it at all. I told the stenographer to whom to address the letter. The copy, when it was finished, was handed to Mr. Parker. I don't recall whether I handed it to him or the stenographer. If I did not hand it to him, I had her to hand it to him. My memory is that she handed it to him. I was there when she handed it to him. I did not make any objection. The letter was dictated and we discussed it on the way to Phoenix.

I did not sign the original letter. I did not mail it to Hoval A. Smith, because when we went to Phoenix we agreed instead of taking this letter, sending this letter to Mr. Smith [164] having him go to St. Ansgar and discuss this affair, that it would be better to have him meet Mr. Parker in Chicago,

“The COURT: I don't understand. You say that letter was written before you went to Phoenix?”

“The WITNESS: Yes, the morning before going to Phoenix, we stopped in the office that morning and the letter was dictated at that time, but we did not stop to discuss it, because it was getting late, and I took this copy that was—Mr. Parker had the copy and we discussed it further on the way over, and during our discussion he decided that he would prefer that he would have

(Testimony of Cleve W. Van Dyke.)

a personal talk with Mr. Smith concerning this, so when I returned, I left immediately for Los Angeles with my family. This was on Saturday, the first of January, so on Saturday—Sunday I had to leave with my wife because my daughter was attending a boarding school in Pasadena so we had to be there, so we left on Sunday to Phoenix to take the train to go to Los Angeles. When I returned home after the trip, knowing that I would not be in the office again, I call my secretary and asked him to get those copies of this letter that had been typewritten, and to send Mr. Smith a wire—Mr. Smith was in New York. He wired Mr. Smith and requested him to meet Mr. Parker at Chicago.”

I thought this letter was lost in the confusion. I don't think I ever asked Mr. Parker to hand me back the letter; I don't recall asking him for it. There was no reason for doing so. I don't recall that I asked Mr. Parker to return that letter which is in evidence here; I don't remember that. I don't recall calling up Hoval Smith at Warren to ascertain where this letter could reach Mr. Smith. I might say I frequently do that, and I might have. I would not say that I did or I would not say that I did not, but I knew where Mr. Smith was. I had his address; I had negotiations on with him at the time. He [165] was to go to Washington.

“Q. After you left—after you changed your mind, you left that letter in the possession of Mr. Parker?”

(Testimony of Cleve W. Van Dyke.)

“A. I would hardly call it a letter; it is just a rambling tentative thing that was drawn.”

“Q. Whatever—whatever the characterization of that should be, it was left with Mr. Parker?”

“A. I don’t recall ever asking him for its return; I don’t believe I ever did. I don’t recall it any way.”

My daughter was attending boarding school in California. She has been for some time, before I went to California, and after I left there; all during the school term. My daughter was not living at home. She was at boarding school at Pasadena; not in the same town I was. She attended the Orton School.

(Witness excused.)

(Thereupon the plaintiff rested his case).

TESTIMONY OF CLEVE W. VAN DYKE.

Cleve W. Van Dyke, defendant, being called as a witness in his own behalf, and having been duly sworn according to law, testified as follows:

Direct Examination

I had a conversation with Mr. Parker in Los Angeles about 1927. They telephoned me where I was staying in Long Beach from the Woodward Hotel in Los Angeles, and asked me to come and

(Testimony of Cleve W. Van Dyke.)

see him, and I did the next day, I believe. That was along about the early part of April; sometime along the 8th, in there; 8th or 9th, I think, or maybe later. It was some place between April 8th and the 14th, I think, of 1927. That was after the date of the letter of January 1, 1927. I answered that telephone with a call through to my brother who was there, and he was there at another hotel, and I had dates with both, so I went up [166] and I called on Mr. Parker and stated the condition of affairs, and I told him I was glad he had returned, and I went down with him, I think, at the Savoy Hotel. I met him there and had our conference, and when we finished our conference, my brother and I returned to the Woodward Hotel to meet Mr. Parker. My brother is L. D. Van Dyke, but we call him "Pat". I met Mr. Parker first on this occasion with my brother Pat. At that time we discussed the notes and payment, and I told him that I had taken the matter up with you, and that you had advised me that the notes were outlawed in Arizona; that I did not owe them. But my contention all along the line was I never owed them. I told him that I did not owe the notes; the notes were for stock in one of his promotions, and that the property stood one-third to Mr. Smith, one-third to Mr. Lubiens, and one-third to myself, and there were Fifteen Thousand Dollars represented by three notes, and the notes had been drawn that way so that each one could take up their prorata share of the payment in that way. When the first note came due, it was sent to me and I paid it.

(Testimony of Cleve W. Van Dyke.)

Then we went into the genuineness of it, and he agreed with me on that—said he did, at least, and said that he also agreed that the notes were outlawed, and he stated “now, Van,” he said “you know I can’t sue you for it now. I might have sued during the period of time that they were not outlawed, and I believe I have got something coming because of that kind of treatment of you at that time, and the reason that I withheld it, I knew that the other fellows owed the money and you did not, and” he said “for that reason I feel I have got something coming. Now, I am very hard up and I need some money and I would like very much indeed if you would give me some consideration for that.” “Well” I said “now, Parker, how much consideration do you feel would be satisfactory to you”, and [167] he said “you pay me a Thousand Dollars on each one of those notes, and” he said “I will release you from further obligations and take a chance to get any further consideration out of the other two men.” I told him I didn’t have Two Thousand Dollars at the time. “Well”, he said, “could you make it in installments”, and we agreed on Five Hundred Dollars down and Five Hundred Dollars about thirty days apart. I said I would give him a check for Five Hundred Dollars, and I gave him Five Hundred Dollars each month until it was finally completed.

(Thereupon court adjourned until 9:30 o’clock on June 3, 1933, and after the reporter

(Testimony of Cleve W. Van Dyke.)

had read the last question and answer, the witness resumed).

After he had received the Five Hundred Dollars, I got into the car at Long Beach where we were at the time, and my brother took me over to the Woodworth Hotel, and I didn't see him again. We met on two separate occasions, the first day in Los Angeles, and the second day in Long Beach, and we went for a ride, Mr. Pat Van Dyke, my brother, was driving. Pat Van Dyke was present at two of the three conversations between Mr. Parker and myself. Not at the first meeting; the first meeting was just a short meeting. When I made those payments, I sent a letter along with each check. Those letters are Exhibits 1, 2 and 3.

In the letter dated June 13, 1927, Exhibit 2, where I refer to "as per agreement" and "and understanding", that was the same understanding that I have just related. Those letters Exhibits 1, 2 and 3, were in accordance with our understanding and agreement as made at that time in Los Angeles. In order to comply with my agreement relative to those payments to Mr. Parker, I fulfilled my agreement with him, as we made it in Los Angeles. I paid him down a check for Five Hundred Dollars when the agreement was made, and then each succeeding month thereafter for three months I sent him a check for Five Hundred Dollars, and in each letter I stated it was in accordance with the new deal we had made, or agreement we had reached in [168]

(Testimony of Cleve W. Van Dyke.)

Los Angeles, and the settlement was full settlement of the account. That is the only understanding or agreement that I ever had with Mr. Parker relative to any payments of those notes after the date they were executed. I never had any agreement with Mr. Parker about paying those notes, other than the one in Los Angeles. After I made those three, in all, four payments on those notes, the last one in July, 1927, Mr. Parker, or any one else, did not demand any further payment from me prior to the institution of this suit, until Mr. Foster did. From the date of the last payment, in July, 1927, up until Mr. Foster started institution of this suit for Mr. Parker, no one in his behalf ever demanded any further payments on those notes from me.

In the letter dated January 1, 1927, I did not authorize my stenographer to whom I dictated the letter, to sign "Cleve W. Van Dyke" thereto. I did not at any time or at all ever authorize my stenographer or anyone else to sign my name on the typewriter "Cleve W. Van Dyke" or in any other form. I did not sign the original letter dated January 1, 1927, and it was never sent by me, or by anyone by my authority. Yesterday, when this letter dated January 1, 1927, was introduced in the testimony, was the first time I knew my name was printed on there by typewriter.

Cross Examination

Exhibit No. 4, being the letter of January 1, 1927, seems to be a carbon copy of the letter that I dictated

(Testimony of Cleve W. Van Dyke.)

in my office in Miami. The stenographer was a Miss Tanner and she was called on on New Years day. I had to call her in specially on this day, which was a holiday. That was on a Saturday. I don't know when Mr. Parker left for the east. He left me that night, if I remember. I saw him after that; we went to Phoenix after that, right after this letter—he was given this carbon copy and we drove to Phoenix, and it is my memory we came back [169] late that evening. My memory is that this carbon copy was handed to him by the stenographer. I was present. I made no objection to it; the letter was drawn for the purpose, as a tentative letter to explain the circumstances to Mr. Smith and to get him to do something. Miss Tanner was our regular stenographer. My memory is that this is a carbon copy of the letter that was written there. I no doubt saw the original of that letter. My memory is that the letter was left with the stenographer, and the carbon copy was handed to Mr. Parker, and we proceeded immediately for Phoenix. This was being done in the interim while my brother was getting the car to go to Phoenix, and as soon as the letter was dashed off, Mr. Parker got his carbon and we got into the car and drove to Phoenix, and discussed the letter and the contents on the way over there, and after the discussion, we said we would not use it; the better way would be to have him meet Mr. Smith personally, and so we arranged to telegraph him next day, on the second, and Mr.

(Testimony of Cleve W. Van Dyke.)

Smith was in New York, and I did so telegraph, as I instructed my secretary to telegraph him to meet Mr. Parker in Chicago.

My stenographer, Miss Tanner, had worked for me some time. It was the custom when I dictated a letter for her to put my initials on a letter and follow my initials with her own. There were several people in our office and whoever she took a letter for, she put their initials on. I presume she put my initials "C W V", colon "T", her name, on this letter; I didn't look at it. I presume it was done by her. I presume she wrote the letter in my presence. That was the custom, showing that I dictated the letter. In the letter of May 21st, 1927, written from Long Beach in California, I stated "enclosed please find my check for Five Hundred Dollars as per our understanding." That understanding was not that I was to pay [170] him Five Hundred Dollars on the note by a certain time; the understanding was that I would pay him Two Thousand Dollars in full and complete settlement for my obligation with him, and that he would discount the note on that basis, as a final settlement. This is what was said on that point; he said "I know you are right about these notes being outlawed". I told him that my attorney had told me that again in Los Angeles, that the notes were outlawed, and he agreed with me. He said "yes, Van, those notes are outlawed". My attorney, Mr. Rawlins, told me that. I was taking another matter up with him, and after I saw Mr. Parker, I went down to see Mr. Raw-

(Testimony of Cleve W. Van Dyke.)

lins on another matter, a public utility matter. He didn't know at that time; I had no conversation then concerning the business deal. I made a courtesy call on Mr. Parker on the way down to meet Mr. Rawlins.

I would not say I have been a business man involving "large" enterprises, no. I own the electric light company in Miami. It is not a public utility; it was not incorporated; privately owned. It was a public utility serving electrical energy to the residents of Miami, Arizona.

"Q. You have been dealing in several large ventures, haven't you, timber land transactions?"

"A. I have had part in various enterprises, yes."

I have been in the public utilities business, and various other businesses. I have been in the state about twenty-one years.

"Q. You have been interested in various timber lands and public utilities, and things of that kind?"

"A. With the exception of timber lands. I held stock in a timber land company."

I had no written agreement in this settlement of outlawed paper for the sum of Two Thousand Dollars. I did not acquire a receipt of final discharge; I didn't think it was necessary. I was very much surprised when I found he had endorsed them.

(Testimony of Cleve W. Van Dyke.)

I believe I was elected on the Board of Directors of the Calhoun Timber Company.

“Q. You signed that agreement at the same time that you signed those notes as president of the Timber Company?”

“A. I will have to look at it first to refresh my memory.”

“Q. All right.”

“A. I didn’t recall the instrument until I saw this. This is my signature, but I don’t recall anything about it.”

I don’t recall the instrument at this time. I presume I did sign it. I know my own handwriting. I think that is my signature. I have no doubt about it; it looks to me like my signature. I signed it as president of the Calhoun Timber Company. I succeeded Mr. Parker in that position.

(Witness excused)

TESTIMONY OF L. D. VAN DYKE

L. D. Van Dyke, being called as a witness on behalf of the defendant, and having been duly sworn according to law, testified as follows:

Direct Examination

My name is L. D. Van Dyke. I live at 3719 Olive Street, Long Beach, California. I have lived in Miami for twenty years, up until late 1929. Cleve Van Dyke is my brother. I know Mr. Parker, the

(Testimony of L. D. Van Dyke.)

plaintiff in this action. I was in Miami in December 1926 and January 1927. I was in the employ of the Miami Trust Company and the Van Dyke Copper Company, and also assistant to my brother in his private affairs. I remember an occasion of driving Mr. Parker and my brother, the defendant, to Phoenix. My recollection is, it was on the day after New Years in 1927, the 2nd of January, that would be. Pardon [172] me, I think it was the 1st of January; on New Year's day. I went to Phoenix that day; it was Saturday, the first of January. We returned the same day. On the way down and back there was a discussion about business matters between my brother and Mr. Parker. I was in Los Angeles some time in April of 1927 when Mr. Parker and my brother, Cleve, was there. I went to Los Angeles about April 8th or 10th, 1927. I think Charles Rawlins was with me on the trip. I stayed there, I think, to the 16th of April. While I was there during this trip, I was present at the meetings between my brother, Cleve, the defendant in this action, and the plaintiff, Mr. Parker, except the first one, when he went up to the Woodward Hotel to see Mr. Parker. One of these conversations was held in the Woodward Hotel, located in the City of Los Angeles, on Eighth and Olive. One was at home in Long Beach, and one conversation riding in the car. I was present at the conversation that took place in the Woodward Hotel in Los Angeles.

At that time the plaintiff and the defendant in my presence discussed many other matters prior to

(Testimony of L. D. Van Dyke.)

mentioning the notes, and then it came down to a discussion of the notes, and my brother, C. W. Van Dyke, said "Mr. Parker, you know that those notes are outlawed and you have no legal action against the notes." He says "Yes, I realize that the are", and then Mr. Parker told my brother that he was very hard up; that he was in danger of losing his home. He was promoting some new irrigation company, and if he could get some assistance, he would be able to make sufficient funds from his new enterprise to take care of his business matters. My brother asked Mr. Parker how much he thought he had coming to him, and he told him he would be satisfied if he paid him, I think it was Two Thousand Dollars, and that not to apply on the notes, but to clean [173] up any moral obligations that might exist there, and they agreed to that settlement. As to how the payments were to be made, he would make Five Hundred Dollars cash or by check, and Five Hundred Dollars each thirty days until the completion of the agreement.

At the conversation at Long Beach Mr. Parker did most of the talking, as I remember it, about the payment plan, and my brother made a payment of Five Hundred Dollars, and they went for a ride. I don't remember anything pertaining to this business on the ride; casual conversation had between them. I have never seen Mr. Parker from that time until I saw him here in Tucson.

Cross Examination

My memory is that it was Saturday; New Years day was Saturday. I think it was quite early in the

(Testimony of L. D. Van Dyke.)

morning when we left Miami for Phoenix. It was dusk in the evening when we left Phoenix to return to Miami. Mr. Parker objected to riding in the evening, and we assured him it was safe. It was along about ten o'clock or nine o'clock in the morning when we left for Phoenix, that is my best memory.

I think this letter that was written in the office was written while I was getting the car ready to go. I do not recall that situation, I am not familiar with the letter. I never saw it. On the trip to Phoenix I heard them discuss this business matter. I don't recollect them discussing the letter. On the way back from Phoenix, I heard them discussing the plan. I don't remember that I heard that letter mentioned. I was with my brother and Mr. Parker part of the time. I did not hear anything said about this letter in Phoenix by Mr. Van Dyke, my brother, or Mr. Parker. I can't say what this particular letter was. I never saw the letter dated January 1, 1927, [174] Exhibit 4, so I don't know what it is. While we were in Phoenix, my recollection is that we had a room in the Adams Hotel while we were there, in which my brother and Mr. Parker had conferences, and I did some other small business. I called upon the farm we had out there, a farm we owned at the time, making some plans. We went out to the farm on the way home. I have forgotten now what we went to Phoenix for, we made so many trips to Phoenix in those days. This particular trip on New Years day had something to do with our farm that we had there. I know my brother

(Testimony of L. D. Van Dyke.)

had some business there, but I have forgotten what it was, but I was the driver of the car at the time. I don't know what the business was; I was not present all of the time when he was transacting his affairs. I think it was late in the evening when we returned to Miami; just as the sun began to go down. When we returned to Miami, that is the last time I saw Mr. Parker; I don't know where he went from there. To get out of Miami at that time, in 1927, he could take the Southern Pacific Railroad Company to Bowie or to Phoenix, but he could take the stage out and he could go from Miami to Globe. He could have left Phoenix on the Southern Pacific without returning to Miami. I did not see them after they returned to Miami that I know of; no business transaction; they returned late in the evening. That is the last I saw of him. I saw him, of course, in April in Los Angeles. At that particular meeting that is the last I saw him.

It was after dark when we returned. We left there along about five o'clock, five-thirty maybe, and we got in there about eight-thirty or nine at night. I do not know of anyone that my brother or he and my brother together saw in Phoenix on that day; I had further work to do. I remember that I was buying some supplies and things, and I was not with them all the time. I don't remember what place I visited; we arranged for seed and things of that kind. [175] It was on New Years day. Some of those places were open; I can't give you the detail. As I remember I made a call upon some feed company over there. I believe it was the Greenlief Company that I visited.

(Testimony of L. D. Van Dyke.)

I met my brother and Mr. Parker at the Woodward Hotel in Los Angeles the first time in the morning. My brother went up to see Mr. Parker from Long Beach. I believe my brother was in Long Beach then being treated, if I remember. His home was in Miami, and he was there temporarily. He did not own a home there and house at that time. I believe he was in some apartment house, Blackstone Apartments. During the summer he was in and out of Los Angeles for several months. I don't believe Mrs. Van Dyke was with him on that particular time. Intermittently she was up there. They did not build a garage for a home over there; the garage was nothing for the home; he had a little apartment.

“Q. A little apartment of sixteen or seventeen rooms?”

“A. No, I think he had three or four rooms over the garage, and he kept his car down below at the back end of the building.”

He built it by day labor. He had the home constructed. He lived there over a period of several months intermittently.

Going back to the Woodward Hotel, I think Mr. Parker opened up the conversation about these notes. He wanted to know what my brother was going to do about it. The exact words, of course I can't remember. I know the gist of his talk. In substance he said “Van, I want to discuss those notes.” The notes had been sent out to the bank,

(Testimony of L. D. Van Dyke.)

as I remember, and Van, my brother, only told him "Parker, those notes are outlawed." "Yes, I know they are." That was in April, 1927. Mr. Parker then said "Yes, I know they are outlawed, but I might have brought suit when they were not outlawed", and Cleve said [176] "yes", and he said "I think I should have some consideration coming, moral obligation". Then my brother said "What do you consider the amount of consideration that you should have to clean up this obligation", and he said "about Two Thousand Dollars", and the agreement was made at that time. They had lots of other conversations, but not pertaining to this business. That is the gist of the conversation. Because it was outlawed, my brother agreed to pay him Two Thousand Dollars and satisfy any moral obligation that might be there. That is all I remember about it.

The next day they went out to where my brother was temporarily living. They still continued their conversation along the same lines, and discussed it in a general way. They went over the same ground as I have testified to. They came to a conclusion, as I remember it, and my brother paid him a check.

Up at the Woodward Hotel they came to an agreement. Down at the house they discussed it again, not the same detail, but the same general statements, about the outlawing of the notes, the release of the moral obligations, and payment of the Five Hundred Dollars. My remembrance is that my brother gave Mr. Parker a check at that time for Five Hundred Dollars. I believe it was in the afternoon, shortly after lunch; mid-dinner.

(Testimony of L. D. Van Dyke.)

Redirect Examination

I made a memorandum of exactly what was said at that conversation. I have the memorandum with me in my pocket.

(Thereupon the witness produces a document from his pocket, and hands to the examining attorney).

I made that at the time; that is the first conversation at the Woodward Hotel that I heard. At the Woodward Hotel Parker said that if the Two Thousand Dollars was paid, he would have no further obligation against Mr. Van Dyke. [177]

Re-Cross Examination

I did remember that when you asked me a while ago. You didn't ask me to testify to it. There was a lot said. It didn't occur to me to state that, because you didn't ask me. It didn't occur to me to tell you that that was a part of the things that were said.

"Q. I didn't ask you that, I didn't know such a thing was said."

"A. It was though."

(Witness excused).

TESTIMONY OF HOVAL A. SMITH.

Hoval A. Smith, being called as a witness on behalf of the defendant, and having been duly sworn according to law, testified as follows:

(Testimony of Hoval A. Smith.)

Direct Examination

My name is Hoval A. Smith. I live in Warren, Arizona. I have lived in Warren and the Warren District for nearly thirty-five years. I know the plaintiff, Mr. Parker, and have known him for a little over nineteen years. I know Mr. Van Dyke, the defendant, and have known him for thirty-nine years.

On the 1st day of January, 1927, when I was in New York I got a telegraph from Mr. Van Dyke. In pursuance of that telegram, about two weeks later I met Mr. Parker in Chicago, at the La Salle Hotel. This meeting in Chicago was previously arranged between Mr. Parker and myself. Pursuant to that arrangement I wired him when I would be at the La Salle Hotel in Chicago. I went there and met Mr. Parker there on the afternoon of January 15, 1927. We did not discuss the contents of this letter in this suit. We never discussed the contents of [178] that letter that he had at any time. I have not seen Mr. Parker from that day until I saw him here in Tucson. I have never received a copy, or the original of this letter that is marked Exhibit 4 in evidence. At about that time, or sometime in January, I had my mail go to Washington. I received mail at Senator Cameron's office at that time, about the 13th of January. He also forwarded considerable mail to me at the Commodore Hotel in New York. When I went to Senator Cameron's office in Washington, I got the mail addressed to me in his care, and there received mail. A copy or the

(Testimony of Bascom Parker.)

original of this letter was not there; I never received it.

(Witness excused).

(Thereupon defendant rested).

At this point defendant moved for judgment in his favor in the following language:

“Mr. CHARLES RAWLINS: We move the Court to find for the defendant upon all of the facts, for the reason that plaintiff has wholly failed to establish his cause of action; wholly failed to prove that the cause of action is not barred by the statute of limitations pled in our answer, and wholly failed to prove that the defendant ever signed any instrument in writing acknowledging the justness of the debt or that he would pay it, at any time since the date of the note.”

“The COURT: I will not rule on that motion until all the testimony is in.”

“Mr. CHARLES RAWLINS: And give us an exception in the record.”

“The COURT: Yes.” [179]

TESTIMONY OF BASCOM PARKER (In Rebuttal)

Plaintiff, Bascom Parker, being called as a witness in his own behalf in rebuttal, and having been duly sworn according to law, testified as follows:

(Testimony of Bascom Parker.)

Direct Examination

I heard the testimony of Mr. Van Dyke regarding my meeting him at the Woodworth Hotel in Los Angeles about the middle of April, 1927. I had no such conversation with Mr. Van Dyke regarding any proposal of settlement of the notes by the payment of Two Thousand Dollars at the rate of Five Hundred Dollars a month, that he testified to. I made Mr. Van Dyke come to the Woodward Hotel. The day after I got there, and he said he was busy and could not see me that day. The next day Mr. Van Dyke come and got me in his automobile and drove me out to his home at 4020 Lucas Avenue, Long Beach. Mr. Van Dyke was with me on this trip, and no one else was present. His brother was not present as he testified. He drove me out to his house and I met his wife. I knew his wife, and I met his daughter. They were living there to all appearances, and I asked him why he built such a home, and he says "you know, Parker, we have earthquakes out here." I made up my mind that he built wisely. We sat there a little while, and he got his daughter and put her in the car and drove; she says to Pasadena, but I didn't know whether I was in Pasadena or where I was, but we drove to this school, and he brought me back then around over to the ocean, and down through Long Beach, and then over to the oil fields, Sentinel Hill, and back to the hotel.

"Q. During that drive that time, was there anything said between you as to those notes?"

"A. No." [180]

(Testimony of Bascom Parker.)

It was just a friendly ride. Up to that time nothing had been said by me or him concerning those notes.

Mr. Van Dyke came back on that next day and came to the Woodward Hotel, and we went up to my room. There wasn't anybody in the room but Mr. Van Dyke and myself, and I told him I needed money and I needed it bad and I wanted him to help me. I wanted some money, and he says "Parker, I haven't got any money". "Well", I said, "couldn't you give me money enough to let me go through with some promotion work that I am on; I am hard up, practically broke", and he says "how much will it take?", and I says "Two Thousand or Twenty-five Hundred Dollars". "Well," he says "I haven't got that much money, but I will tell you what I will do, I will give you a check now for Five Hundred Dollars and I will send you a check each thirty days to make the Two Thousand Dollars." He gave me a check, and I went down to the lobby and checked out and took the train for home.

Not one word was said by Mr. Van Dyke or myself about those notes being outlawed. He could not have said they were outlawed, because that was in April, and the ten years limit on the notes would not have been up on the notes until October 30th, of that year; that same year. That is the reason I went out there, because I didn't know they were outlawed. I absolutely did not make any agreement with him to release him or relieve him from liability on those notes on the payment to me of Two Thou-

(Testimony of Bascom Parker.)

sand Dollars. I absolutely did not release his liability for Two Thousand Dollars.

I heard Mr. Hoval A. Smith testify. I heard his testimony concerning his meeting me in Chicago at the La Salle Hotel in Chicago, the forepart of 1927. I did not meet Mr. Smith in Chicago at that time. I did not meet him any time near that date. I did not meet him in that year, not in Chicago. [181] I met Hoval Smith, I was going to St. Ansgar to see Bob Lubiens.

“The COURT: Did you meet Mr. Smith in Chicago sometime in January?”

“The WITNESS: I said no.”

I did not make that trip to Phoenix on January 1, 1927 that Mr. Van Dyke and his brother testified to.

When I left Miami for home, I left on the bus. It was about seven o'clock, on the corner of a little cigar store. I stopped in there to buy some cigars. It was January 1, 1927, I rode in the bus, seven miles over to Globe, and there I got a Pullman for Chicago. Got my ticket.

I went to Phoenix with Mr. Van Dyke. I got in there, I think—I am pretty sure I arrived in Miami on the night of the 28th of December, and I call Mr. Van Dyke on the phone, and he was to see me the next morning at his office, and I went to his office, and while there, somebody came in and delivered some message to him, and he said “Parker, I have got to go to Phoenix.” He told Pat to get the car ready, “will you ride over to Phoenix with

(Testimony of Bascom Parker.)

me", and I said "yes", and we went to Phoenix. We got in Phoenix along the middle of the afternoon and stayed there that day and that night, and we left Phoenix the second day in the evening. It was just dusk, and we got back to Miami on December 31st about ten or eleven o'clock at night. I know I wanted something to eat, and I wanted them to go into the restaurant with me, and they said "no".

The letter was written after I returned from Phoenix, the next morning, January 1st. Not a word was said between myself and Mr. Van Dyke as to doing away with that letter and superseding it. That letter was handed to me by Mr. Van Dyke himself. When he handed it to me, he says "Parker, there is a copy", and just handed it to me. I did not dictate any of that letter, not a line, not a word, not even suggested anything. [182]

I had no conversation whatever in California in April 1927, or any time, with Mr. Van Dyke concerning the settlement of his moral obligation to me. I heard the statement, the testimony of my statement to him that I knew the notes were outlawed, and that on account of past performance on my part, I considered that he had a moral obligation to me. That is not true. I never had any agreement with him, or ever discussed with him any question as to his liability to pay only one of those notes. I had no conversation whatever with him that he should be liable for the payment of only one of the notes and Mr. Smith the other.

(Testimony of Bascom Parker.)

“Q. And Mr. Lubiens the other?”

“A. No sir, they bought me out and gave me those notes, and I considered——”

“The COURT: Just answer the question.”

“Q. The notes were given to you for what?”

“A. Payment for stock. They gave me some bonds, and they gave me some cash, and they gave me these three notes.”

Mr. Van Dyke and Hoval A. Smith gave me these three notes. That was stock in the Calhoun Timber Company, in Calhoun County, Florida. I have not talked with Mr. Van Dyke since he left the Woodward Hotel. The first time I saw him was here. It is true that I testified that Mr. Van Dyke agreed to pay me Five Hundred Dollars a month at that time until he had paid me Two Thousand Dollars on the Twenty-five Hundred Dollars at the time I asked him for money in Los Angeles. I did not understand from those letter, Plaintiff's Exhibits 1, 2 and 3, dated respectively May 21, 1927, June 13, 1927 and July 15, 1927 that Mr. Van Dyke was paying off his liability in full to me. There was no such agreement whatever to that effect.

Cross-Examination.

After this last payment from Mr. Van Dyke in July, 1927, [183] I never made any demand upon him to make any other payments on those notes; at no time.

(Testimony of Bascom Parker.)

Re-direct Examination.

I have been asked as to whether I made a demand on Mr. Van Dyke for further payment after the payments evidenced by the letters. The reason I did not make demands on Mr. Van Dyke for further payments, is that Mr. Van Dyke and I have always been personal friends, and I regarded him as a high class gentleman, and I had gotten over the rocks, and was waiting for things to be better fixed, and I had no desire at that time to press further on it. That is the truth.

Re-Cross Examination,

“Q. Why did you then put it in the hands of Mr. Foster to demand payment?”

“A. Because the time had gone on and I was needing money then, and I didn’t have the money to keep going back to California for a Thousand Dollars or Five Hundred Dollars.”

“Q. If you were such a good friend of Mr. Van Dyke, you didn’t ask him for any further payments though?”

“A. That is absolutely true.”

“Mr. CHARLES RAWLINS: That is all.”

“Judge DARNELL: Q. If Mr. Van Dyke had been a stranger?”

“The WITNESS: If Mr. Van Dyke had been a stranger, I would have sued him right away.”

(Witness excused.)

“The COURT: Any further testimony, gentlemen?”

“Judge DARNELL: None.”

“Mr. CHARLES RAWLINS: None on the part of the defendant, except we now renew our motion.” [184]

“The COURT: Let the record show the same motion as at the time of the close of plaintiff’s case.”

“Mr. CHARLES RAWLINS: I will ask the Court to make findings of fact and conclusions of law.”

The proceedings and testimony having been completed on the 3rd day of June, 1933, the case was thereupon submitted to the Court and taken under advisement; counsel to file briefs.

On Sept. 15, 1934 the Court overruled defendant’s objection to admission of plaintiffs Exhibit 4 and granted exception to defendants.

Special Findings of Fact and Conclusions of law were entered on the 22nd day of November, 1934. The Judgment, from which this appeal was taken was made and entered on the 22nd day of November, 1934. Motion for New Trial thereon was served upon the plaintiff on the 30th day of November, 1934, and filed in this Court on that date. The same was argued before the Court on the 20th day of December, 1934, and on that date

the Court took the motion under consideration, and on the 12th day of February, 1935, denied the motion for new trial.

(Said Motion for New Trial being in accordance with Rules of Practice No. 37, of the District Court of Arizona, applicable portions of which are as follows:

“A motion for new trial or petition for rehearing served and filed under this rule shall be deemed to be entertained by the court and shall suspend the operation of the judgment or decree and of any and all process that may have been issued thereon, and of any appeal which may have been granted, and thereafter no appeal will be granted from said judgment or decree, or any process issued for the enforcement thereof, until final disposition of said motion or petition.”)

Stipulation Extending Time to File and Settle Bill of Exceptions and Docket Appeal was entered and filed on the 25th day of February, 1935, and is in words and figures as follows: (omitting title)

[185]

“IT IS STIPULATED by and between the parties to the above entitled and numbered action, through their undersigned attorneys, that an order may be entered by the Court extending the time of the defendant, Cleve W. Van Dyke, within which to prepare draft of Bill of Exceptions, serve and file same, and

have same settled, allowed and approved, up to and including the 1st day of May, 1935.

“IT IS FURTHER STIPULATED that the time for docketing the appeal in the above entitled and numbered cause may be by order of the Court extended to and including the 1st day of May, 1935.”

In compliance with said stipulation, the Court on the 25th day of February, 1935, made the following Order Extending Time for Preparation and Filing, etc. of Bill of Exceptions: (omitting title)

“IT IS HEREBY ORDERED that the time within which Cleve W. Van Dyke may prepare draft of Bill of Exceptions, serve and file same and obtain settlement, allowance or approval thereof, be and the same is hereby extended to and including the 1st day of May, 1935.

Done in open Court this 25th day of February, 1935.”

And on said 25th day of February, 1935, the Court also made the following Order Extending Time to Docket Appeal: (omitting title)

“PURSUANT to stipulation heretofore filed in this cause,

IT IS HEREBY ORDERED that the time for docketing the appeal in the above entitled and numbered cause be, and the same is hereby extended to and including the 1st day of May, 1935.

“Done in open Court this 25th day of February, 1935.”

Thereafter Stipulation extending Time for Presentation, Settlement and Allowance or Approval of Bill of Exceptions, for Docketing Appeal, and extending November 1934 Term of Court, was entered into and filed on the 22nd day of April, 1935, and is in the words and figures following: (omitting title) [186]

“IT IS STIPULATED by and between Bascom Parker, plaintiff and appellee, and Cleve W. Van Dyke, defendant and appellant, acting by their undersigned attorneys, that an order may be entered in the above entitled matter, extending the time for presentation, settlement, and allowance or approval of the bill of exceptions, for docketing the appeal, and extending the November 1934 Term of the Court, up to and including the 1st day of June, 1935.

“Dated this 22nd day of April, 1935.”

In compliance with said stipulation, the Court on the 22nd day of April, 1935, made the following Order Extending November 1934 Term of Federal Court: (omitting title)

“It is hereby ordered that the November 1934 term of this District Court for the District of Arizona, be and the same is hereby extended to and including the 1st day of June, 1935, for the purpose of preparing and filing, settle-

ment, allowance or approval of bill of exceptions, and for the purpose of making any and all motions, and of taking any action which must be made or taken within the November 1934 term of the Court, in reference to the judgment in the above entitled action.

“Done in open Court this 22nd day of April, 1935.”

The Court also on said 22nd day of April, 1935, made the following Order Extending Time for Docketing Appeal:

“It is hereby ordered that the time for docketing the appeal in the above entitled and numbered cause, be and the same is hereby extended to and including the 1st day of June, 1935.

“Done in open Court this 22nd day of April, 1935.”

And also the Court made on said 22nd day of April, 1935, the following Order Extending Time for Presentation, Settlement and Allowance or Approval of Bill of Exceptions:

“It is hereby ordered that the time within which the defendant Cleve W. Van Dyke may obtain settlement, and allowance or approval of the bill of exceptions in the above entitled cause be and the same is hereby extended to and including the 1st day of June, 1935.

“Done in open Court this 22nd day of April, 1935.” [187]

On November 10, 1934, it was stipulated in open court by and between plaintiff and defendant Van Dyke that the answer of defendant Van Dyke should have the same effect as if the same were verified, and on said stipulation being entered into the Court denied defendant's motion to file verification to answer. [188]

FORASMUCH, as the matters above set forth do not fully appear of record, and in furtherance of justice and that right may be done, the defendant Cleve W. Van Dyke tenders and presents the foregoing as his Bill of Exceptions in this cause, and prays that the same may be settled and allowed, and signed and approved by the Judge of this Court, and made a part of the record in this cause.

Dated this 22nd day of April, 1935.

CHARLES L. RAWLINS

GEORGE H. RAWLINS

THOMAS W. NEALON

Attorneys for Defendant-Appellant
Cleve W. Van Dyke. [189]

CERTIFICATE AND ORDER

THE FOREGOING BILL OF EXCEPTIONS was lodged on the 25th day of May, 1935, within the time allowed for the filing of Bill of Exceptions by orders of the United States District Court for the District of Arizona, dated February 25, 1935, and April 22, 1935, fixing and extending the time within which the Bill of Exceptions is to be settled and filed with this Court as of June 1, 1935, which is within the term at which said judgment became final, and within the extended term of this court made by order duly entered and filed in the office of the Clerk of the United States Court, and which having been seen and examined by the Court and Counsel, and as it contains all of the evidence introduced in this case and correctly shows the proceedings had, and is correct in all respects, and is a true and complete Bill of Exceptions, IT IS HEREBY APPROVED AND ALLOWED, and made a part of the record herein.

It appearing to the Court that either or both of the parties desire that certain testimony of witnesses, as the same appears in the foregoing Bill of Exceptions be in the exact words of the witnesses, and it appearing necessary to a clear understanding of such testimony, IT IS HEREBY DIRECTED that the same so appear and the insertion thereof in the Bill of Exceptions is approved; and the said Bill of Exceptions is ordered by said Court to be filed and made a part of the record herein, which is now accordingly done.

Dated at Tucson, Arizona, this 25th day of May, 1935.

ALBERT M. SAMES

Judge of the United States
District Court. [190]

[Endorsed]: Service of the within Bill of Exceptions acknowledged this 22nd day of April, 1935.

GEORGE R. DARNELL

SAMUEL L. PATTEE

LAWRENCE V. ROBERTSON

Attorneys for Plaintiff.

[Endorsed]: Deft's. Proposed Bill of Exceptions.
Filed Apr. 22, 1935.

[Endorsed]: Bill of Exceptions. Filed May 25, 1935. [191]

[Title of Court.]

May 1935 Term

At Tucson

MINUTE ENTRY OF MAY 13, 1935.

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, presiding.

[Title of Cause.]

ORDER STRIKING PROPOSED BILL OF
EXCEPTIONS FROM CALENDAR.

This being the time heretofore fixed for the settlement and allowance of the Bill of Exceptions heretofore filed by the defendant Cleve W. Van

Dyke, and no counsel being present for the parties herein,

IT IS ORDERED that the proposed Bill of Exceptions of said defendant be stricken from the calendar to be reinstated upon application of counsel. [192]

[Title of Court.]

May 1935 Term

At Tucson

MINUTE ENTRY OF MAY 25, 1935

(Globe General Minutes)

Honorable Albert M. Sames, United States District Judge, presiding.

[Title of Cause.]

ORDER SETTLING, ALLOWING AND
APPROVING BILL OF EXCEPTIONS.

Samuel L. Pattee, Esquire, appears as counsel for the Plaintiff. Thomas W. Nealon, Esquire, appears as counsel for the Defendant Cleve W. Van Dyke.

Upon stipulation of the respective counsel,

IT IS ORDERED that said counsel be allowed to withdraw pages 5, 44, and 54 of said Defendant's Proposed Bill of Exceptions and insert in lieu thereof pages now tendered and numbered identically therewith, and that said counsel be allowed to insert page 68½ following page 68 of said Proposed Bill of Exceptions, which is accordingly done.

Whereupon, said counsel now stipulate that said Proposed Bill of Exceptions may be settled, ap-

proved and allowed, and it appearing to the Court that the time provided by law for settlement and allowance thereof, and the term within which the trial of this case was had, have not expired,

IT IS ORDERED that said Bill of Exceptions of the Defendant Cleve W. Van Dyke be and the same is hereby settled, allowed and approved. [193]

[Title of Court and Cause.]

PETITION FOR APPEAL.

To the Honorable Albert M. Sames, United States
District Judge for the District of Arizona:

CLEVE W. VAN DYKE, one of the defendants in the above entitled cause, conceiving himself aggrieved by the judgment entered against him in said cause on the 22nd day of November, 1934, (motion for new trial having been filed and served upon the plaintiff on the 30th day of November, 1934, and denied by said Court on the 12th day of February, 1935), by which said judgment it is Ordered, Adjudged and Decreed that the plaintiff Bascom Parker do have and recover of the defendant Cleve W. Van Dyke the principal sum of Eight Thousand and no/100 Dollars (\$8,000.00), together with interest in accordance with the terms of the promissory notes set forth in plaintiff's Second Amended Complaint herein, amounting in all, both principal and interest, at the date of said judgment to the sum of Eighteen Thousand Seven Hundred Sixty-Seven and 68/100 Dollars (\$18,767.68); and that

said principal sum of Eight Thousand and no/100 Dollars (\$8,000.00) bear interest from the date of said judgment until paid at the rate of seven per cent per annum; and that the plaintiff Bascom Parker have and recover from the defendant Cleve W. Van Dyke the further sum of Two Thousand and no/100 Dollars (\$2,000.00), attorneys' fees in said action, together with the costs of said [194] action, taxed at the sum of Two Hundred Nine and 55/100 Dollars (\$209.55), (a demurrer on behalf of defendant Hoval A. Smith having theretofore been sustained and the case dismissed as to him), does hereby appeal to the United States Circuit Court of Appeals for the Ninth Circuit, under and according to the laws of the United States in that behalf made and provided, from said judgment and files herewith an Assignment of Errors, and prays that this appeal be allowed for the reasons specified therein, and that citation upon appeal issue as provided by law, and an order made fixing the amount of bond on appeal, and that upon said Cleve W. Van Dyke giving said bond on appeal, conditioned as required by law, the same shall operate as a cost bond.

Dated at Phoenix, Arizona, this 22nd day of April, 1935.

CHARLES L. RAWLINS,

Charles L. Rawlins,

GEORGE H. RAWLINS,

George H. Rawlins,

THOMAS W. NEALON,

Thomas W. Nealon,

Attorneys for Defendant

Cleve W. Van Dyke.

SERVICE of copy of the above and foregoing petition for appeal is admitted this 22nd day of April, 1935.

GEORGE R. DARNELL

SAMUEL L. PATTEE

Darnell and Nave.

L. V. ROBERTSON

S. L. Pattee,

Attorneys for Plaintiff.

[Endorsed]: Filed Apr. 22, 1935. [195]

[Title of Court and Cause.]

ASSIGNMENT OF ERRORS.

COMES NOW CLEVE W. VAN DYKE, the defendant-appellant in the above entitled cause, and in connection with his appeal avers that in the records, proceedings and judgment manifest errors occurred, and he, therefore, makes the following assignment of errors as having so occurred upon the trial of said cause, or were committed by the Court prior to said trial or in the rendition of judgment therein;

I.

The Court erred in overruling the demurrer of the defendant appellant to the first cause of action set up in the first and second amended complaint of the plaintiff filed herein, for the reason that it appears therein that said cause of action accrued on the 30th day of December, 1918, upon the maturing of the promissory note set up in said first

amended and second amended complaints, which said promissory note being a written instrument made and payable without the State of Arizona, and said action being commenced and prosecuted more than four years after this cause of action accrued upon a written instrument executed without the State of Arizona; and the said cause of actions so appearing in said pleading being barred by the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which [196] provides that such actions shall be commenced within four years after the cause of action shall have accrued and not afterwards; and the laws of Arizona and the decision of the Supreme Court of the State of Arizona further providing that the defense of the statute of limitations may be set up by demurrer, and when so set up defendant is entitled to judgment in his favor.

II.

The Court erred in overruling the demurrer of the defendant appellant to the second cause of action set up in the first and second amended complaint of the plaintiff filed herein, for the reason that it appears therein that said cause of action accrued on the 30th day of June, 1919, upon the maturing of the promissory note set up in said first amended and second amended complaints, which said promissory note being a written instrument made and payable without the State of Arizona, and said action being commenced and prosecuted more than four years after this cause of action accrued upon a written instrument executed without the State of

Arizona; and the said cause of action so appearing in said pleading being barred by the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which provides that such actions shall be commenced within four years after the cause of action shall have accrued and not afterwards; and the laws of Arizona and the decision of the Supreme Court of the State of Arizona further providing that the defense of the statute of limitations may be set up by demurrer, and when so set up defendant is entitled to judgment in his favor.

III.

That the Court erred in denying the motion of defendant appellant, defendant appellant having excepted to the denial of said motion, made at the conclusion of the plaintiff's case for judgment in behalf of defendant, made upon the ground that there [197] was no sufficient, substantial or competent evidence to sustain a judgment for the plaintiff in the case nor any evidence to sustain a judgment for the plaintiff in the case, and that defendant was entitled to judgment in his favor for the reason that the uncontradicted evidence showed that any cause of action that the plaintiff might have had against the defendant was barred by the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which defense was set up by the defendant appellant, both in his demurrers and in his answer to the merits of plaintiff's complaint; and for the further reason that there was

no evidence to show that the plaintiff was the owner and holder of the notes sued on in the plaintiff's first amended and second amended complaint at the time the action was brought, or at the time that the judgment was rendered herein. Said motion being upon the specific grounds that the Court should find for the defendant upon all of the facts for the reason that plaintiff has wholly failed to establish his cause of action, and wholly failed to prove that the cause of action is not barred by the statute of limitations of the State of Arizona pleaded in the demurrer and answer of the defendant appellant, and has wholly failed to prove that the defendant ever signed any instrument in writing acknowledging the justness of the debt or promised to pay the same at any time since the date of the note.

IV.

That the Court erred in denying the motion of defendant appellant, defendant appellant having excepted to the denial of said motion, made at the close of the testimony of the case for judgment in behalf of defendant, made upon the ground that there was no sufficient, substantial or competent evidence to sustain a judgment for the plaintiff in the case nor any evidence to sustain a judgment for the plaintiff in the case, and that defendant was entitled to judgment in his favor for the [198] reason that the uncontradicted evidence showed that any cause of action that the plaintiff might have had

against the defendant was barred by the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which defense was set up by the defendant appellant, both in his demurrers and in his answer to the merits of plaintiff's complaint; and for the further reason that there was no evidence to show that the plaintiff was the owner and holder of the notes sued on in the plaintiff's first amended and second amended complaint at the time the action was brought, or at the time that the judgment was rendered herein. Said motion being upon the specific grounds that the Court should find for the defendant upon all of the facts for the reason that plaintiff has wholly failed to establish his cause of action, and wholly failed to prove that the cause of action is not barred by the statute of limitations of the State of Arizona pleaded in the demurrer and answer of the defendant appellant, and has wholly failed to prove that the defendant ever signed any instrument in writing acknowledging the justness of the debt or promised to pay the same at any time since the date of the note.

V.

That the Court erred in admitting in evidence in behalf of the defendant appellant plaintiff's Exhibit Number 4 over the objection and exception of the defendant, said Exhibit being a document which appears in the photostatic copy herein produced, and is in words and figures as follows, to wit: [199]

January 1, 1927

Mr. Hoval A. Smith,
Care Senator Ralph M. Cameron,
Senate Office Building,
Washington, D. C.

My dear Hoval:

Mr. Bascom Parker, of Niles, Michigan, arrived in Miami a few days ago asking the settlement of two notes of \$5,000 each, given to him in Chicago August 30, 1917, in payment for his stock in the Calhoun Timber Company. You will recall the deal.

This stock was purchased for the remaining stockholders of the company at the request of Mr. H. C. Olcott, acting for the trustees of the bondholders of the Calhoun Timber Company. The amount to be paid for this stock was \$50,000; \$25,000 of which was to be in Calhoun Timber Company bonds which were owned by the Calhoun Timber Company, and \$10,000 in cash, and \$15,000 in three \$5,000 notes. These notes were to be the joint obligation of yourself, Mr. Lubiens and myself. The cash paid to Mr. Parker was a check against the \$109,000 fund in the St. Ansgar Bank which we had borrowed from Thomas F. Cole, of New York. These notes were to have been paid when due. One of them came due in the following June and was sent out to me to Miami for collection. I paid this note. The two other notes have never been paid and form the basis of a demand on the part of Mr. Parker for payment at this time.

The stock was delivered and was transferred on the books of the company. One third of the stock was delivered to yourself, one third to R. J. Lubiens, and one third to myself. After the company became defunct the \$100,000 owed to Thomas F. Cole became due and as you know I have paid this sum, so that puts me now in the position of having paid \$15,000 of the \$25,000 that was owing to Mr. Parker. After the first note was paid the other two notes were taken over by the St. Ansgar Bank, through Lubiens. Later on one of them was sent to me for collection by the St. Ansgar Bank. I refused to pay the same at the time because I had already paid the same due from me and later I paid a further sum of \$10,000 which was the original cash paid to Mr. Parker.

The notes were returned to the St. Ansgar Bank from the Gila Valley Bank of Miami, the bank to whom they were sent for collection. The refusal was based upon the grounds that I did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due, as I had paid my share in full.

Hoval A. Smith,
January 1, 1927,
Page #2.

Later on there were some differences between the St. Ansgar Bank on this Calhoun Timber Company matter and yourself and myself. Mr. Lubiens, who was the treasurer of the company, and who was mutually trusted by us at the time, had gathered together a lot of notes which he had placed in the bank and which had been signed by us at various times, and for which we had received no consideration and for which the Calhoun Timber Company had received no consideration. In my opinion at the time this matter was brought to my attention by you and by Mr. Salisbury, the whole matter was a fraud and that the bank could not hold me for any amount.

Time went on and at your insistence an agreement was reached between ourselves and the St. Ansgar Bank. In order to avoid litigation we agreed to a settlement between the bank and ourselves with the understanding that all notes and obligations were to be included within this settlement. No notice has ever been received by me from the Bank of St. Ansgar or Mr. Lubiens that they had not taken up these notes when they were refused payment by me for the cause stated above. I was under the impression that Mr. Lubiens and the bank, having been notified by me that it was their obligation, had assumed these notes and that they were still held by them and was part of the consideration upon which our settlement was based. What was my surprise to learn the other day upon the arrival of Mr. Parker that the bank, instead of including these notes in our settlement as I presumed was being done, had returned the notes to Mr. Parker unpaid. And now Mr. Parker has presented these notes to me for payment.

Now, Hoval, I have tried to be patient in this matter, I have tried to be fair; I have assumed more than my share of the obligation of this disastrous enterprise; I have carried the load for you; I have carried the load for the bank and have paid out practically all the cash money that has been paid out since the final crash of the company. I have secured not one nickle or one dime in salvage from the company and I have even gone so far as to pay the \$100,000 to Mr. Cole which was a joint obligation of yourself, the bank and myself.

I presumed the bank was trying to adjust this thing fairly and on a basis of equity and trying to clear up a nasty mess. When Mr. Parker arrived I explained to him fully what my relationship to the bank was on these matters. I told him that we now have due and payable a note to them of \$10,000. He has notified me that

Exhibit No 4

Exhibit No 4

Marked for

Identification only

JUN 2 1933

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Charles W. Sawyer
Clerk of District Court

Case No. *7-202-Sub*

Parker vs. Van Dyke

Admitted and Filed

JUN 2 1933

J. M. BAKER, Clerk,
UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Charles W. Sawyer
Clerk of District Court

Case No. *7-202-Sub*

Parker vs. Van Dyke

Hoval A. Smith,
January 1, 1927,
Page #3.

we must not make this payment to the bank until his matter is adjusted.

I am writing you to inform you of the situation. I request now that you feel obligated to Mr. Parker to fulfill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted, in other words, I request that you, upon your return to Arizona, stop at St. Ansgar, see Mr. Salisbury and present this matter to him. Mr. Parker would have levied upon this payment that we were about to make to the Bank of St. Ansgar had I not stipulated to him as stated above. I suggest that you now have a definite understanding with Mr. Salisbury in reference to this matter. I expect them to treat Mr. Parker as fairly as I have treated them. Our agreement with Mr. Parker was definite. Our arrangement among ourselves was well understood and Mr. Parker is only asking for his rights and what is legitimate. The fact of the matter is I am very much surprised indeed at the action taken by the bank in this matter, especially after the settlement that has been made between them and us. We were trying to seek a way out of our difficulties and the way out unloaded over a quarter of a million dollars of obligations upon myself, which, while it is unfair, was arranged in order to avoid troublesome litigation and a long period of contest and fighting. As you know, we discussed the matter and we decided that it would take a large sum of money and a long time to work out this litigation. My health was poor, your affairs were involved, times were hard and we felt that we might better make an amicable settlement rather than seek our dues in the court. It may be that Mr. Salisbury does not know about this situation, and if he does not, you should surprise him of it and clarify it as soon as possible.

With kindest personal regards, I am

Yours very truly,

Exhibit No 4

Admitted and Filed
JUN 2 1933

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Charles W. Sawyer
Clerk of District Court

Case No. *7-202-Sub*

Parker vs. Van Dyke

Exhibit No 4

Marked for

Identification only

JUN 2 1933

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Charles W. Sawyer
Clerk of District Court

Case No. *7-202-Sub*

Parker vs. Van Dyke

CHW:T

That said instrument as herein set up not being such an acknowledgment of the debt sued upon as would relieve the bar of the statute of limitations, as pleaded by the defendant, and not being sufficient under the provisions of Section 2068 Revised Code of Arizona 1928, which provides that when an action is barred by limitation no acknowledgment of the justness of the claim made subsequent to the time it became due shall be admitted in evidence to take the case out of the operation of the law unless such acknowledgment be in writing and signed by the party to be charged thereby.

VI.

That the Court erred in admitting in evidence in behalf of the plaintiff, over the objection and exception of the defendant, the copy of note set up on page 2 of plaintiff's second amended complaint, the same being read into the evidence from the complaint and being in words and figures as follows:

"\$5,000.00 Chicago, Illinois, October 20, 1917.

On or before December 30, 1918, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker, at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

"It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

“The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgd) HOVAL A. SMITH

CLEVE W. VAN DYKE

No. 23716

P. O. Miami, Ariz.

and Chicago.

“Endorsed: April 14th, 1927, paid

hereon by check, \$500.00

June 13th, 1927, paid hereon by

check, \$500.00”

upon the ground that the same was secondary evidence and no proper foundation was laid therefor, in that it was not shown that the same had been lost or destroyed; and that it affirmatively appeared [203] from the evidence that after the death of Graham Foster, former attorney for the plaintiff, his effects passed into the hands of his surviving wife, and no showing was made that the same was not yet in her possession nor were her depositions taken in the premises, and for the further reason that it did not appear that the plaintiff was the owner and holder of said note.

VII.

That the Court erred in admitting in evidence in behalf of the plaintiff, over the objection and exception of the defendant, the copy of note set up on page 8 of plaintiff's second amended complaint, the

same being read into the evidence from the complaint and being in words and figures as follows:

“\$5000.00 Chicago, Illinois, Oct. 30, 1917

On or before June 30, 1919, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

“It is agreed, and consent is hereby given, that if sued, a reasonable attorney’s fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

“The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgd) HOVAL A. SMITH

CLEVE W. VAN DYKE

No. 5793

P. O. Bisbee, Ariz.

Miami, Arizona.

“Endorsed: May 21st, 1927, paid

hereon by check, \$500.00

July 20th, 1927, by check, \$500.00”

upon the ground that the same was secondary evidence and no proper foundation was laid therefor, in that it was not shown that the same had been lost or destroyed; and that it affirmatively appeared from the evidence that after the death of Graham Foster, former attorney for the plaintiff, his effects

passed into the hands of his surviving wife, and no showing was made that the same was not yet in her possession nor were her depositions taken [204] in the premises, and for the further reason that it did not appear that the plaintiff was the owner and holder of said note.

VIII.

That the Court erred in finding judgment for the plaintiff herein, in that the judgment of the Court is not sustained by the special findings of fact of the Court, and in Finding of Fact number 5, which said Finding of Fact reads as follows:

“That after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note in a written instrument in the following words and figures:

“January 1, 1927

“Mr. Hoval A. Smith
care Senator Ralph H. Cameron,
Senate Office Building
Washington, D. C.

“My dear Hoval:

“Mr. Bascom Parker, of Niles, Michigan, arrived in Miami a few days ago asking the settlement of two notes of \$5,000 each, given to him Chicago, August 30, 1917, in payment for his stock in the Calhoun Timber Company. You will recall this deal.

“This stock was purchased for the remaining stockholders of the company at the request of Mr. H. C. Olcott, acting for the trustees of the bondholders of the Calhoun Timber Company. The amount to be paid for this stock was \$50,000; \$25,000 of which was to be in Calhoun Timber Company bonds which were owned by the Calhoun Timber Company and \$10,000 in cash, and \$15,000 in three \$5,000 notes. These notes were to be the joint obligation of yourself, Mr. Lubiens and myself. The cash paid to Mr. Parker was a check against the \$100,000 fund in the St. Ansgar Bank which we had had borrowed from Thomas F. Cole, of New York. These notes were to have been paid when due. One of them came due in the following June and was sent out to me to Miami for collection. I paid this note. The two other notes have never been paid and form the basis of a demand on the part of Mr. Parker for payment at this time.

“The stock was delivered and was transferred on the books of the company. One third of the stock was delivered to yourself, one-third to R. C. Lubiens, and one-third to myself. After the company became defunct the \$100,000 owed to Thomas F. Cole became due and as you know I have paid this sum, so that puts me now in the position of having paid \$15,000 or the \$25,000 that was owing to Mr. Parker. After the first note was paid the other two notes were taken over by the St. Ansgar Bank, through

Lubiens. Later one of them was sent to me for collection by the St. Ansgar Bank. I refused to pay the same [205] at the time because I already paid the share due from me and later I paid a further sum of \$10,000 which was the original cash paid to Mr. Parker.

“The notes were returned to the St. Ansgar Bank from the Gila Valley Bank of Miami, the bank to whom they were sent for collection. The refusal was based upon the grounds that I did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due, as I had paid my share in full.

“Later on there were some differences between the St. Ansgar Bank on this Calhoun Timber Company matter and yourself and myself. Mr. Lubiens, who was the treasurer of the company, and who was mutually trusted by us at the time, had gathered together a lot of notes which he had placed in the bank and which had been signed by us at various times, and for which we had received no consideration and for which the Calhoun Timber Company had received no consideration. In my opinion at the time this matter was brought to my attention by you and Mr. Salisbury, the whole matter was a fraud and that the bank could not hold me for any amount.

“Time went on and at your insistence an agreement was reached between ourselves and

the St. Ansgar Bank. In order to avoid litigation we agreed to a settlement between the bank and ourselves with the understanding that all notes and obligations were to be included within this settlement. No notice has ever been received by me from the Bank of St. Ansgar or from Mr. Lubiens that they had not taken up these notes when they were refused payment by me for the cause stated above. I was under the impression that Mr. Lubiens and bank, having been notified by me that it was their obligation, had assumed these notes and that they were still held by them and was part of the consideration upon which our settlement was based. What was my surprise to learn the other day upon the arrival of Mr. Parker that the bank, instead of including these notes in our settlement as I presumed was being done, had returned the notes to Mr. Parker unpaid. And now Mr. Parker has presented these notes to me for payment.

“Now, Hoval, I have tried to be patient in this matter, I have tried to be fair; I have assumed more than my share of the obligation of this disastrous enterprise. I have carried the loan for you; I have carried the loan for the bank and had paid out practically all the cash money which has been paid out since the final crash of the company. I have secured not one nickel or one dime in salvage from the company and I have gone so far as to pay the

\$100,000 to Mr. Cole which was a joint obligation of yourself, the bank and myself.

“I presumed the bank was trying to adjust this thing fairly and on a basis of equity and trying to clear up a nasty mess. When Mr. Parker arrived I [206] explained to him fully what my relationship to the bank was on these matters. I told him that we now have due and payable a note to them of \$10,000. He has notified me that we must not make this payment to the bank until his matter is adjusted.

“I am writing you to inform you of the situation. I request now that you you feel obligated to Mr. Parker to fulfill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted. In other words I request that you, upon your return to Arizona, stop at St. Ansgar, see Mr. Salisbury and present this matter to him. Mr. Parker would have levied upon this payment that we were about to make to the bank of St. Ansgar had I not stipulated to him as stated above. I suggest that you now have a definite understanding with Mr. Salisbury in reference to this matter. I expect them to treat Mr. Parker as fairly as I have treated them. Our agreement with Mr. Parker was definite. Our arrangement among ourselves was well understood and Mr. Parker is only asking for his rights and what is legitimate. The fact of the matter is I am very much surprised indeed at

the action taken by the bank in this matter, especially after the settlement that has been made between them and us. We were trying to seek a way out of our difficulties and the way out unloaded over a quarter of a million dollars of obligations upon myself, which, while it is unfair, was arranged in order to avoid troublesome litigation and a long period of contest and fighting. As you know, we discussed the matter and we decided that it would take a large sum of money and a long time to work out this litigation. My health was poor, your affairs were involved, times were hard and we felt that we might better make an amicable settlement rather than seek our dues in the court. It may be that Mr. Salisbury does not know about this situation, and if he does not, you should apprise him of it and clarify it as soon as passible.

“With kindest personal regards, I am

Yours very truly,

CLEVE W. VAN DYKE.”

“That the promissory note set forth in Finding 3 is one of the promissory notes mentioned and described in the foregoing instrument. Said instrument was written, signed and delivered by defendant, Cleve W. Van Dyke, to the plaintiff at Miami, in the County of Gila, State of Arizona, on the first day of January, 1927,”

the said written instrument so set up in said Finding of Fact number 5 is not such an acknowledged-

ment under Section 2068 of the Revised Code of Arizona, 1928, which requires that when an action is barred by limitation no acknowledgment of the justness of the claim made subsequent to the time it became due shall be admitted [207] in evidence to take the case out of the operation of the law unless such acknowledgment be in writing and signed by the party to be charged thereby; said instrument not containing any acknowledgment of the justness of the claim nor being signed by defendant appellant, nor containing any express or implied promise to pay the notes which are the subject matter of this action.

Nor is said judgment sustained by special Finding of Fact No. 12, reading as follows:

“That after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note in the written instrument which is set forth in Finding No. 5 upon the First Cause of Action and is one of the promissory notes mentioned and described in said written instrument. Said instrument was written, signed and delivered by defendant Cleve W. Van Dyke to the plaintiff at Miami, in the County of Gila, State of Arizona, on the first day of January, 1927,”

in that the instrument therein referred to is the instrument set up in *Haec Verba* in said Finding of Fact No. 4, and said instrument not being such

an acknowledgment under Section 2068 of the Revised Code of Arizona, 1928, which requires that when an action is barred by limitation no acknowledgment of the justness of the claim made subsequent to the time it became due shall be admitted in evidence to take the case out of the operation of the law unless such acknowledgment be in writing, and signed by the party to be charged thereby, said instrument not containing any acknowledgment of the justness of the claim nor being signed by defendant appellant, nor containing any express or implied promise to pay the notes which are the subject matter of this litigation.

IX.

That the Court erred in making its Finding of Fact No. 4, reading as follows, to-wit:

“That said note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was and still is the owner and holder thereof, and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars (\$500.00) each at the dates set forth in the endorsements thereon.” [208]

upon the ground that there was no evidence to sustain said Finding of Fact, and particularly the Finding of Fact that the plaintiff was still the owner and holder of said promissory note.

X.

That the Court erred in making its Finding of Fact No. 11, reading as follows, to-wit:

“That said note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was and still is the owner and holder thereof, and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars (\$500.00) each at the dates set forth in the endorsements thereon.”

upon the ground that there was no evidence to sustain said Finding of Fact, and particularly the Finding of Fact that the plaintiff was still the owner and holder of said promissory note.

XI.

That the Court erred in making said Finding of Fact No. 5; that after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note in a written instrument set up in said Finding of Fact (which said written instrument is set up in *Haec Verba* in our Assignment of Error number VIII), in that said Finding of Fact is not sustained by the evidence, in that the same is based upon plaintiff's Exhibit No. 4 introduced in evidence, a photostatic copy of which is herein set up in our Assignment of Error Number V, (and in order to avoid repetition the said photo-

static copy is not again set up but is made a part of this Assignment of Error by reference to said Assignment of Error No. V), and it appearing therefrom that the said instrument was neither written nor signed by said defendant Cleve W. Van Dyke nor was the same a completed instrument, in that a space was left thereon for his signature in the event that he approved of the draft thereof, and that the typewritten signature at the bottom thereof was [209] never adopted by him, and there is no evidence in this case showing that he adopted said typewritten signature; and for the further reason that the said instrument was inadmissible in evidence under the provisions of Section 2068 of the Revised Code of Arizona, 1928, and was not competent evidence to arrest the running of the statute of limitations pleaded by the defendant Cleve W. Van Dyke in his demurrer to plaintiff's first and second amended complaint and in his answer to the merits of the plaintiff's first and second amended complaint, and therefore is not competent evidence to sustain said Finding of Fact.

XII.

That the Court erred in making its Finding of Fact No. 6 in that portion thereof reading as follows:

“That the said defendant Cleve W. Van Dyke intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same,”

upon the ground that there is no evidence in the record to support this portion of said Finding of Fact No. 6.

XIII.

That the Court erred in making its Finding of Fact No. 13 in that portion thereof reading as follows:

“That the said defendant Cleve W. Van Dyke intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same,”

upon the ground that there is no evidence in the record to support this portion of said Finding of Fact No. 13.

XIV.

That the Court erred in making its Finding of Fact No. 16, reading as follows:

“That both of said promissory notes were lost since the commencement of this action and the same cannot be found after diligent search and inquiry, but that the evidence establishes the form and language of said notes as set forth in the foregoing findings,” [210]

in that there is no evidence in the record to support said Finding of Fact.

XV.

That the Court erred in its Conclusion of Law No. 1, reading as follows, to-wit:

“That the promissory notes set forth in the first and second cause of action are not, nor is either of them, barred by the statute of limitations of the State of Iowa or the State of Arizona, but that the same are now valid and subsisting obligations,”

in that said Conclusion of Law is contrary to the laws of the State of Arizona and particularly to Section 2068 of the Revised Code of Arizona, 1928, and contrary to the general law of the land in that all matters of limitation and remedy are governed by the law of the forum.

XVI.

That the Court erred in its Conclusion of Law No. 2, reading as follows:

“That the instrument dated January 1st, 1927, written and signed by the defendant Cleve W. Van Dyke is a sufficient memorandum in writing signed by the said defendants to arrest the running of the statute of limitations and to start the period of limitation to running anew under the law of the State of Iowa,”

in that said Conclusion of Law is erroneous in that the law of the State of Iowa has no extra territorial effect, and that the sufficiency of an instrument to arrest the running of the statute of limitations must

be governed by the law of the forum, namely, the law of the State of Arizona, and that the instrument dated January 1st, 1927, is not sufficient under the laws of Arizona to arrest the statute of limitations pleaded by the defendant in this cause.

XVII.

That the Court erred in its Conclusion of Law No. 3, reading as follows:

“That the instrument dated January 1st, 1927 [211] written and signed by the defendant Cleve W. Van Dyke is a sufficient memorandum in writing signed by the said defendants to arrest the running of the statute of limitations and to start the period of limitation to running anew under the law of the State of Arizona,”

in that the said Conclusion of Law is erroneous and contrary to the statutes of Arizona and to the decisions of the Supreme Court of Arizona interpreting Section 2068 of the Revised Code of Arizona, 1928.

XVIII.

That the Court erred in its Conclusion of Law No. 4, reading as follows:

“That the absence of the defendant Cleve W. Van Dyke from the State of Arizona prevented the operation of the statute of limitations during the period of such absences, and that neither of said notes was barred by limitations,”

in that the absence of the defendant Cleve W. Van Dyke from the State of Arizona had no bearing upon the operation of the statute of limitations, as said cause of action, as appears from the evidence and record herein, was barred long prior to the filing of plaintiff's complaint in this action.

XIX.

That the Court erred in its Conclusion of Law No. 5, reading as follows:

“That the plaintiff is entitled to judgment against the defendant Cleve W. Van Dyke for the sum of Eight Thousand Dollars (\$8000.00), being the unpaid principal of said two promissory notes, with interest at the rate of seven per cent (7%) per annum from the maturity thereof as therein provided until paid, less the sum of One Thousand Dollars (\$1000.00) paid upon each of said notes, and for a reasonable attorney's fee in the amount fixed by the Court at the sum of Two Thousand Dollars (\$2000.00), and for the costs of this action,”

in that the same is contrary to the laws and statutes of Arizona as applied to the facts in this case, as shown by the record, evidence and pleadings therein.

WHEREFORE, defendant appellant prays that said judgment may [212] be reversed and set aside, and that judgment be entered in favor of defendant appellant as against the plaintiff appellee; that the

plaintiff appellee take nothing under his complaint or under these proceedings, and that the defendant appellant have his costs incurred in said cause, and for such other and further relief as to the Court may seem just and proper.

DATED, this 22nd day of April, 1935.

CHARLES L. RAWLINS,
GEO. H. RAWLINS,
THOMAS W. NEALON,
Attorneys for Defendant,
Cleve W. Van Dyke.

SERVICE of copy of the above and foregoing Assignment of Errors is admitted this 22nd day of April, 1935.

GEORGE R. DARNELL,
Darnell & Nave
SAMUEL L. PATTEE,
L. V. ROBERTSON,
S. L. Pattee
Attorneys for Plaintiff.

[Endorsed]: Filed Apr. 22, 1935. [213]

[Title of Court and Cause.]

ORDER ALLOWING APPEAL AND FIXING
AMOUNT OF COST ON APPEAL BOND

Upon motion of Charles L. Rawlins, George H. Rawlins and Thomas W. Nealon, attorneys for defendant Cleve W. Van Dyke, and upon filing petition for appeal and assignment of errors:

IT IS HEREBY ORDERED that an appeal be, and hereby is, allowed to the United States Circuit

Court of Appeals for the Ninth Circuit in accordance with said petition from the judgment in this cause, made and entered on the 22nd day of November, 1934, (motion for new trial having been filed and served upon the plaintiff on the 30th day of November, 1934, and denied by said Court on the 12th day of February, 1935), by which it is Ordered, Adjudged and Decreed that the plaintiff Bascom Parker do have and recover of and from the defendant Cleve W. Van Dyke the principal sum of Eight Thousand and no/100 Dollars (\$8,000.00), together with interest in accordance with the terms of the promissory notes set forth in plaintiff's Second Amended Complaint herein, amounting in all, both principal and interest, at the date of said judgment, to the sum of Eighteen Thousand Seven Hundred Sixty-seven and 68/100 Dollars (\$18,767.68); and that said principal sum of Eight Thousand and no/100 Dollars (\$8,000.00) bear interest from the date of said judgment until paid at the rate of seven per cent per annum; and that the plaintiff Bascom Parker have and recover from the defendant Cleve W. Van Dyke the [214] further sum of Two Thousand and no/100 Dollars (\$2,000.00), attorneys' fees in said action, together with the costs of said action, taxed at the sum of Two Hundred Nine and 55/100 Dollars (\$209.55); and that a certified transcript of record be by the Clerk of this Court transmitted to said United States Circuit Court of Appeals for the Ninth Circuit, in the City of San Francisco, California; and

IT IS FURTHER ORDERED that Five Hundred and no/100 Dollars (\$500.00) be, and hereby is, fixed as the amount of the bond on appeal, and upon the defendant Cleve W. Van Dyke giving said bond on appeal, conditioned as required by law, and it having been approved by this Court and filed herein, the same shall operate as a cost bond.

Dated at Tucson, Arizona, this 22nd day of April, 1935.

ALBERT M. SAMES,
United States District Judge.

SERVICE of a copy of Order Allowing Appeal and Fixing Amount of Cost on Appeal Bond admitted this 22nd day of April, 1935.

GEORGE R. DARNELL,
SAMUEL L. PATTEE,

Darnell & Nave

LAWRENCE V. ROBERTSON,

S. L. Pattee

Attorneys for Plaintiff.

[Endorsed]: Filed Apr. 22, 1935. [215]

[Title of Court and Cause.]

BOND ON APPEAL.

KNOW ALL MEN BY THESE PRESENTS: That we, CLEVE W. VAN DYKE, as principal, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation, as surety, are held and firmly bound unto the above named plaintiff-appellee-Bascom Parker in the sum of Five Hundred and no/100 (\$500.00) Dollars, for the payment of

which well and truly to be made, we bind, ourselves, our and each of our heirs, representatives, successors and assigns, jointly, severally and firmly by these presents.

Sealed with our seals and dated this 22nd day of April, 1935.

WHEREAS, the above named Cleve W. Van Dyke, defendant-appellant is about to prosecute an appeal to the United States Circuit Court of Appeals for the Ninth Circuit to reverse the final judgment in the above entitled cause, rendered in favor of the plaintiff Bascom Parker and against the defendant Cleve W. Van Dyke on the 22nd day of November, 1934, (motion for new trial having been filed and served upon the plaintiff on the 30th day of November, 1934, and denied by said Court on the 12th day of February, 1935), and duly entered in the office of the Clerk of the United States District Court for the District of Arizona, on the said 22nd day of November, 1934; and

WHEREAS, the said defendant Cleve W. Van Dyke, principal [216] obligor herein, after the entry and filing of said judgment, duly filed and timely presented to this court his petition praying for the allowance of an appeal for the review of said judgment by the United States Circuit Court of Appeals for the Ninth Circuit, and said appeal was duly and timely allowed by the Honorable Albert M. Sames, presiding Judge of the United States District Court for the District of Arizona, upon the said defendant Cleve W. Van Dyke giving bond according to law in the sum of Five Hundred and no/100

(\$500.00) Dollars, which said bond shall operate as a cost bond.

NOW, THEREFORE, if the said Cleve W. Van Dyke shall prosecute his said appeal to effect, and if he fails to make his plea good, shall answer all damages and costs herein, then this obligation shall be null and void, otherwise it shall remain in full force and effect.

CLEVE W. VAN DYKE,
Principal.

(Seal) FIDELITY AND DEPOSIT COM-
PANY OF MARYLAND,

By F. E. Scrivner,
Attorney-in-fact.

Attest:

.....
Approved April 22nd, 1935.

ALBERT M. SAMES,
Judge U. S. District Court.

[Endorsed]: Filed Apr. 22, 1935. [217]

[Title of Court.]

November, 1934 Term

At Tucson

MINUTE ENTRY OF APRIL 22, 1935.

(Globe General Minutes)

Honorable Albert M. Sames, United States District
Judge, Presiding.

[Title of Cause.]

ORDER APPROVING BOND ON APPEAL.

The defendant Cleve W. Van Dyke by his counsel having presented to the Court his bond on appeal,

executed on the 22nd day of April, 1935, in the sum of Five Hundred Dollars (\$500.00), with Fidelity and Deposit Company of Maryland, a corporation, as surety thereon,

IT IS ORDERED that said bond be and the same is hereby accepted and approved. [218]

[Title of Court and Cause.]

PRAECIPE INDICATING PORTIONS OF
THE RECORD TO BE INCORPORATED
IN THE TRANSCRIPT.

To the Clerk of the District Court of the United
States for the District of Arizona:

CLEVE W. VAN DYKE, defendant and appellant, files this his Praecipe, and indicates the portion of the record to be incorporated in the Transcript of Record and transmitted to the Circuit Court of Appeals for the Ninth Circuit within the time provided therefor by law, or such time as extended by proper order of the above entitled court:

1. Complaint, filed Jan. 21, 1931.
2. Defendants' Demurrer to Complaint, filed March 7, 1931.
3. Second Amended Complaint, filed Aug. 26, 1931.
4. Defendant's Demurrer to First and Second Cause of Action of Plaintiff's Second Amended Complaint, filed Aug. 31, 1931.

5. Memorandum Ruling, filed June 17, 1932.
6. Answer of Defendant Van Dyke, filed Nov. 15, 1932.
7. Motion for Rehearing on Demurrer, filed Dec. 15, 1932.
8. Plaintiff's Objections to Rehearing on Demurrer, filed Jan. 10, 1933.
9. Defendants' Motion for an Inspection of Letter Sued Upon, filed Jan. 21, 1933.
10. Defendant's Motion for Inspection of Notes Sued Upon, filed Feb. 21, 1933.
11. Amended Answer, filed Mar. 13, 1933.
12. Plaintiff's Reply, filed Mar. 14, 1933. [219]
13. Stipulation Waiving Jury, filed June 2, 1933.
14. Plaintiff's Proposed Special Findings of Fact and Conclusions of Law, filed Oct 2, 1934.
15. Defendant's Objections to Plaintiff's Proposed Special Findings of Fact and Conclusions of Law, filed Oct. 18, 1934.
16. Defendant's Motion to Set Aside Preliminary Order and Enter Judgment for Defendant, filed Oct. 18, 1934.
17. Defendant's Proposed Findings of Fact and Conclusions of Law, filed Oct. 18, 1934.
18. Special Findings of Fact and Conclusions of Law, filed Nov. 22, 1934.
19. Judgment, filed Nov. 22, 1934.
20. Defendant Cleve W. Van Dyke's Motion for New Trial, filed Nov. 30, 1934.
21. Affidavit of Service of Motion for New Trial, filed Jan. 3, 1935.

22. Stipulation to extend time to file and settle Bill of Exceptions and Docket Appeal, to May 1, 1935; filed Feb. 25, 1935.

23. Order extending time for preparing and filing, etc. of Bill of Exceptions to and including May 1, 1935, filed Feb. 25, 1935.

24. Order extending time to Docket Appeal to and including May 1, 1935, filed Feb. 25, 1935.

25. Stipulation extending time for presentation, settlement and allowance or approval of Bill of Exceptions, for docketing appeal, and extending November 1934 term of court, filed April 22, 1935.

26. Order extending November 1934 Term of Court, filed Apr. 22, 1935.

27. Order extending time for presentation, settlement and allowance or approval of Bill of Exceptions, filed Apr. 22, 1935.

28. Order extending time for docketing appeal, filed Apr. 22, 1935.

29. Petition for Appeal, filed Apr. 22, 1935.

30. Assignment of Errors, filed Apr. 22, 1935.

31. Order allowing appeal and fixing amount of cost on appeal bond, filed Apr. 22, 1935.

32. Bond on Appeal, filed Apr. 22, 1935.

33. Citation on Appeal, filed Apr. 22, 1935.

34. Bill of Exceptions when settled and approved by the Court and made a part of the record.

35. Certificate of the United States District Judge to Bill of Exceptions and Order Approving, Settling and Allowing [220] and Making same a part of the Record herein.

36. Stipulation extending defendant's time to Oct. 19, 1934, to file proposed amendments to plaintiff's Special Findings of Fact, etc., filed Oct. 9, 1934.

37. Order extending defendant's time to Oct. 19, 1934 to file proposed amendments, filed Oct. 10, 1934.

38. Defendant's consent to continuing hearing on Motion for New Trial, filed Dec. 10, 1934.

39. This Praecipe.

40. Affidavit of Service of Praecipe.

41. Minute entry of April 27, 1931, sustaining demurrer, etc.

42. Minute entry of June 17, 1932, sustaining demurrer, etc.

43. All minute entries of January 16, 1933.

44. All minute entries of January 30, 1933.

45. All minute entries of June 2, 1933.

46. All minute entries of June 3, 1933.

47. All minute entries of September 15, 1934.

48. All minute entries of November 10, 1934.

49. All minute entries of December 8, 1934.

50. All minute entries of December 20, 1934.

51. All minute entries of February 12, 1935.

52. All minute entries subsequent to February 25, 1935.

CHARLES L. RAWLINS

GEO. H. RAWLINS

THOMAS W. NEALON

Attorneys for Defendant

Cleve W. Van Dyke.

[Endorsed]: Filed May 11, 1935. [221]

[Title of Court and Cause.]

AFFIDAVIT OF MAILING COPY OF PRAE-
CIPE TO ATTORNEYS FOR PLAINTIFF.

State of Arizona,
County of Maricopa.—ss.

HELEN ERICKSON, being first duly sworn,
deposes and says:

That she is over the age of twenty-one years, and
is law clerk to Thomas W. Nealon, one of the at-
torneys for Cleve W. Van Dyke, defendant in the
above entitled cause:

That on the 10th day of May, 1935, she placed in
an envelope properly addressed to Darnell & Pat-
tee, Consolidated National Bank Building, Tucson,
Arizona, with sufficient postage thereon, a copy of
the Praeipie Indicating Portions of the Record to
be Incorporated in the Transcript, in the above
entitled matter;

That affiant duly deposited said envelope con-
taining said copy in the United States Post Office
at Phoenix, Arizona; that on said date she mailed
the original of said copy to the Clerk of the United
States District Court, at Tucson, Arizona; that there
is a regular service by mail between Phoenix, Ari-
zona, and Tucson, Arizona, the points of origin and
destination of said document so mailed.

HELEN ERICKSON

Subscribed and sworn to before me this 10th day
of May, 1935.

[Seal]

FRANCES M. GARDNER

Notary Public.

My commission expires: April 5, 1938. [222]

[Endorsed]: Filed May 11, 1935. [223]

[Title of Court and Cause.]

ORDER EXTENDING TIME TO DOCKET
APPEAL

PURSUANT to stipulation heretofore filed in this cause,

IT IS HEREBY ORDERED that the time for docketing the appeal in the above entitled and numbered cause be, and the same is hereby extended to and including the 1st day of May, 1935.

Done in open Court this 25th day of February, 1935.

ALBERT M. SAMES

United States District Judge.

[Endorsed]: Filed Feb. 25, 1935. [224]

[Title of Court and Cause.]

ORDER EXTENDING TIME FOR
DOCKETING APPEAL.

IT IS HEREBY ORDERED that the time for docketing the appeal in the above entitled and numbered cause, be and the same is hereby extended to and including the 1st day of June, 1935.

Done in open Court this 22nd day of April, 1935.

ALBERT M. SAMES

Judge of the United States
District Court.

[Endorsed]: Filed Apr. 22, 1935. [225]

CLERK'S CERTIFICATE TO TRANSCRIPT
OF RECORD

In the United States District Court for the District
of Arizona

United States of America,
District of Arizona.—ss.

I, J. Lee Baker, Clerk of the United States District Court for the District of Arizona, do hereby certify that I am the custodian of the records, papers and files of the said Court, including the records, papers and files in the case of Bascom Parker, Plaintiff, versus Hoval A. Smith and Cleve W. Van Dyke, Defendants, numbered L-202 Globe, on the docket of said Court.

I further certify that the attached pages, numbered 1 to 229, inclusive, contain a full, true and correct transcript of the proceedings of said cause and all the papers filed therein, together with the endorsements of filing thereon, called for and designated in the praecipe filed in said cause and made a part of the transcript attached hereto, as the same appear from the originals of record and on file in my office as such Clerk, in the City of Tucson, State and District aforesaid.

I further certify that the Clerk's fee for preparing and certifying to this said transcript of record amounts to the sum of \$35.00 and that said sum has been paid to me by counsel for the appellant.

I further certify that the original citation issued in the said cause is hereto attached and made a part of this record.

WITNESS my hand and the Seal of the said Court this 27th day of May, 1935.

[Seal]

J. LEE BAKER, Clerk,
United States District Court,
District of Arizona. [226]

[Title of Court and Cause.]

CITATION ON APPEAL.

The President of the United States of America to
Bascom Parker, GREETING:

YOU ARE HEREBY CITED and admonished to be and appear in the United States Circuit Court of Appeals for the Ninth Circuit, at San Francisco, California, within thirty (30) days from and after the date of this citation, pursuant to an order allowing an appeal, duly made, entered and filed in the office of the above named District Court on the 22nd day of April, 1935, which said appeal is from the judgment of said District Court in the above numbered and entitled case, made and entered on the 22nd day of November, 1934, (motion for new trial having been filed and served upon the plaintiff on the 30th day of November, 1934, and denied by said Court on the 12th day of February, 1935), by which said judgment it is Ordered, Adjudged and Decreed that the plaintiff Bascom Parker do have and recover of the defendant Cleve W. Van Dyke the

principal sum of Eight Thousand and no/100 Dollars (\$8,000.00), together with interest in accordance with the terms of the promissory notes set forth in plaintiff's Second Amended Complaint herein, amounting in all, both principal and interest, at the date of said judgment to the sum of Eighteen Thousand Seven Hundred and Sixty-seven and 68/100 Dollars (\$18,767.68); and that said principal sum of Eight Thousand and no/100 Dollars (\$8,000.00) bear interest from the date of said judgment until paid at the rate of seven per cent per annum; and that the plaintiff Bascom Parker have and recover from the defendant Cleve W. Van Dyke the further sum of Two Thousand and no/100 Dollars (\$2,000.00) attorneys' fees in said action, together with the costs of said action, taxed at the sum of Two Hundred Nine and 55/100 Dollars (\$209.55), to show cause, if any there be, why said judgment should not be reversed and set aside, and why speedy justice should not be done to the parties in that behalf.

WITNESS, the Honorable Albert M. Sames,
United States District Judge for the District of

Arizona, at Tucson, this day of April, 1935.

[Seal]

ALBERT M. SAMES,
United States District Judge.

SERVICE of Citation on Appeal is acknowledged
this 22nd day of April, 1935.

GEORGE R. DARNELL,
SAMUEL L. PATTEE,
LAWRENCE V. ROBERTSON,
Attorneys for Plaintiff.

[Endorsed]: Filed Apr. 22, 1935. [228]

[Endorsed]: No. 7879. United States Circuit
Court of Appeals for the Ninth Circuit. Cleve W.
Van Dyke, Appellant vs. Bascom Parker, Appellee.
Transcript of Record. Upon Appeal from the Dis-
trict Court of the United States for the District of
Arizona.

Filed May 29, 1935.

PAUL P. O'BRIEN,
Clerk of the United States Circuit Court of Appeals
for the Ninth Circuit.

IN THE
United States Circuit Court of Appeals
For The Ninth Circuit

CLEVE W. VAN DYKE,

Appellant.

vs.

BASCOM PARKER,

Appellee.

No. 7879

BRIEF OF APPELLANT

APPEAL FROM THE UNITED STATES
DISTRICT COURT FOR THE DISTRICT
OF ARIZONA

CHARLES L. RAWLINS,
GEO. H. RAWLINS,
THOMAS W. NEALON,

Attorneys for Appellant,

Phoenix, Arizona.

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IN THE
United States Circuit Court of Appeals
For The Ninth Circuit

CLEVE W. VAN DYKE,
Appellant.

vs.

BASCOM PARKER,
Appellee.

No. 7879

BRIEF OF APPELLANT

APPEAL FROM THE UNITED STATES
DISTRICT COURT FOR THE DISTRICT
OF ARIZONA

This is an appeal from a judgment at law (Tr. 115-117) rendered on the 22nd day of November, 1934, by the United States District Court of Arizona, sitting without a jury.

NATURE OF THE CASE

Complaint was filed on the 21st day of January, 1931 (Tr. 1-7) by appellee against appellant and one Hoval A. Smith, on two promissory notes executed by them at Chicago, Illinois, on October 30, 1917, in favor of the appellee, each note being for the sum of \$5,000.00 and becoming due on December 30, 1918 and June 30, 1919, respectively. The complaint purported to state a separate cause of action on each note.

A demurrer to the complaint was filed by the defendants setting up that the complaint did not state sufficient facts to constitute a cause of action and setting up the four year statute of limitations of Arizona, Sec. 2061, Revised Code of Arizona, 1928, since the instruments were executed outside of the state (Tr. 7-9), and said demurrer was sustained on the 27th day of April, 1931. (Tr. 9-10).

On the 26th day of August, 1931, plaintiff filed his second amended complaint, (Tr. 10-23) containing the same allegations as in the original complaint, but adding thereto in his first cause of action, the following:

“That thereafter, and on or about the 1st day of January, 1927, the defendant, Cleve W. Van Dyke, acknowledged the justness of the claim of the plaintiff upon said promissory note in a writing signed by him” (Par. IV., Tr. 12).

and plaintiff set forth in haec verba the instrument that he replied upon to toll the statute of limitations (Tr. 12-17, Par. V) which was a copy of a letter dated January 1, 1927, addressed to Mr. Hoval A. Smith,

and set forth further that the notes referred to in said letter were the notes referred to in the complaint (Tr. 17-18, Par VI.) Plaintiff further alleged that each of the defendants were without the limits of the State of Arizona for twelve and ten months respectively subsequent to the accrual of the cause of action. (Tr. 18, Par. VII).

In his second cause of action, plaintiff added that paragraph IV, V, VI and VII of the first cause of action were repeated and realleged to the same force and effect as if set forth therein verbatim (Tr. 21, Par. IV, V, VI).

Defendants demurred to the second amended complaint, setting up that the complaint did not state sufficient facts to constitute a cause of action against defendants, and pleading Section 2061, Subd. 3, Revised Code of Arizona, 1928 (Tr. 23-26), and on the 17th day of June, 1932, the United States District Court sustained the demurrer as to defendant Hoval A. Smith, and overruled it as to appellant-defendant, saving exceptions to him, and filed its written opinion in which it gave as its reason therefor that the notes were payable in Iowa and governed by the laws of that state (Tr. 27-37).

After various motions and rulings, defendant-appellant filed an amended answer setting up, among other defenses, the said Arizona statute of limitations (Tr. 46-51). To this answer plaintiff filed a reply (Tr. 51-52).

The cause came on for trial at Tucson, Arizona, before Honorable Albert M. Sames sitting as judge

of said court, without a jury, a jury having been waived in writing (Tr. 53).

At the close of plaintiff's testimony, defendant-appellant made a motion for judgment in his favor upon the ground that there was no evidence in the record to sustain a judgment for the plaintiff (Tr. 210), and at the close of all the evidence in the case, defendant-appellant renewed said motion for judgment upon the same grounds (Tr. 217).

The court took each of these motions under consideration and on September 15, 1934, made its order denying same, and ordered that an exception be entered on behalf of defendant-appellant (Tr. 58).

In compliance with the order of the court, plaintiff filed his proposed special findings of fact and conclusions of law on October 2, 1934 (Tr. 59-72). Time therefor having been extended, on the 18th day of October, 1934, defendant-appellant filed his objections thereto (Tr. 74-90) and proposed certain findings of fact and conclusions of law (Tr. 90-96), and at the same time filed a motion to set aside the preliminary order and enter judgment for said defendant (Tr. 97).

Upon the hearing thereof, the court on November 10, 1934, denied defendant's motion to set aside the preliminary order for judgment and enter judgment for the defendant, (Tr. 98-99); overruled defendant's objections to plaintiff's proposed findings of fact and conclusions of law and defendant's proposed findings of fact and conclusions of law, (Tr. 98-99); and allowed plaintiff's proposed special findings of fact,

subject to the following exceptions and amendments:

“That the words ‘and expressed a willingness to pay the same’ in special finding No. 5 be stricken; “That the words ‘executed at Miami, Arizona’ be inserted in line four of special finding No. 5, following the word ‘instrument’ in said line four; “That the following conclusions be added: ‘That the instrument in writing executed at Miami, Arizona, on the 1st day of January, 1927, is a sufficient acknowledgment under Section 2068, Revised Statutes of Arizona, 1928, to take the cause of action on said notes out of the Arizona Statute of Limitations’; and ‘That the memorandum in writing executed at Miami, Arizona, on the 1st day of January, 1927, is a sufficient admission in writing signed by the party to be charged that the debt is unpaid, under Section 11018, Code of Iowa, 1927, to revive the cause of action on said notes’.” (Tr. 100).

Exceptions were entered on behalf of defendant-appellant to each of said special findings and rulings (Tr. 100).

Subsequently, and within the time allowed by the court, counsel for appellee prepared his special findings of fact and conclusions of law, and the same were signed and filed by the trial judge on November 22, 1934, (Tr. 101-114) and on the same date, the Honorable Albert M. Sames, Judge of the United States District Court, signed and filed the judgment in favor of the plaintiff-appellee, from which this appeal is taken. (Tr. 115-117).

Thereafter and within the time allowed by law,

and within the term of the court at which the cause was tried, appellant filed his motion to set aside the judgment, and to grant him a new trial, (Tr. 117-125), which motion was duly served within the term as required by the rules of court. A hearing on said motion was had on December 20, 1934, and at the close of the argument, the court took the same under advisement and plaintiff and defendant were allowed time in which to file their authorities. (Tr. 130). On the 12th day of February, 1935, the motion of appellant for new trial was denied, and an exception entered on his behalf. (Tr. 131).

Various stipulations for extensions of time for the preparation of bill of exceptions were made, and orders extending the term of court for the settlement and allowance of same were made (Tr. 131-135) all of which orders are duly preserved in appellant's bill of exceptions and the Court has so certified in its certificate attached to said bill of exceptions.

Within the time allowed by law, appellant filed his petition for appeal, accompanied by Assignments of Error, and procured the order allowing the appeal and settling the bill of exceptions; all of these matters likewise appearing in the bill of exceptions.

Rule No. 37 of the United States District Court provides:

“Motions for new trial and petitions for rehearing shall in all cases be made and filed and a copy thereof served on the attorney or solicitor for the adverse party within 15 days after the entry of judgment or decree.

* * * *

“A motion for new trial or petition for rehearing served and filed under this rule shall be deemed to be entertained by the court and shall suspend the operation of the judgment or decree and of any and all process that may have been issued thereon, and of any appeal which may have been granted, and thereafter no appeal will be granted from said judgment or decree or any process issued for the enforcement thereof, until final disposition of said motion or petition.”

STATEMENT OF FACTS

On October 30, 1917, Bascom Parker, appellee herein, accepted, in addition to bonds and cash, three promissory notes of \$5,000.00 each in payment of stock in the Calhoun Timber Company of Calhoun County, Florida, (Tr. 215) one of the promotions of appellee (Tr. 194), which stock he had sold to Cleve W. Van Dyke, appellant herein, Hoval A. Smith, one of the defendants below, and R. C. Lubiens (Tr. 147, 215), each of whom were to pay their pro rata share of the purchase price (Tr. 13, 194). These notes were drawn in that way so that each one could pay their pro rata share of the payment in that way. (Tr. 194). All of the notes were signed by Cleve W. Van Dyke and Hoval A. Smith, but not by R. C. Lubiens (Tr. 194 and 147).

Appellee discounted the first note with the Exchange Bank in Palatka, Florida (Tr. 147) and when it became due it was sent to appellant who paid it (Tr. 147, 194).

The two other notes, which are the subject matter

of this suit, were made and executed on October 30, 1917, at Chicago, Illinois, and were payable to appellee at the St. Ansgar Bank of Brush, Lubiens and Annis at St. Ansgar, Iowa, one of said notes becoming due on December 30, 1918, and the other on June 30, 1919 (Tr. 3, 5).

Appellee pledged these two notes to the said St. Ansgar Bank as security for a loan from that bank to him. (Tr. 14, 147). The bank held these notes for more than a year (Tr. 157). Appellee received them back from the bank (Tr. 147, 157), but the date upon which they were returned does not appear in the testimony.

After the notes were taken over by the St. Ansgar Bank, through Lubiens, they were sent to the Gila Valley Bank at Miami, Arizona, for collection by the St. Ansgar Bank, but appellant refused to pay the same and based his refusal upon the ground that he did not owe the money, that the stock had been turned over to Lubiens, that Lubiens owed the money for the amount due, and that appellant had paid his share in full. The notes were dishonored and returned to the St. Ansgar Bank from the Gila Valley Bank of Miami. (Tr. 104-105).

During the time that the notes were in the possession of the St. Ansgar Bank as pledgee, appellant and his co-defendant, Hoval A. Smith, made a settlement with the bank, in which settlement the notes in question were included (Tr. 190). This settlement with the St. Ansgar Bank was made in order to avoid litigation (Tr. 15), and Hoval Smith and appellant agreed to the settlement with the understanding that

all notes and obligations were included therein. (Tr. 64). After the settlement was made with the said bank, appellant and his co-defendant owed the bank \$10,000.00 (Tr. 16).

On January 1, 1927, more than seven years after the notes were due, appellee called on appellant at his office in Miami, Arizona, with regard to the notes (Tr. 174, 176). No notice of any claim that these notes were unpaid had been given to appellant until this call (Tr. 64). Appellant then drafted a letter to Hoval A. Smith, advising him of the situation, this letter being the instrument relied upon by appellee to toll the statutes and which was set up in haec verba in his second amended complaint (Tr. 12-17). The letter was dictated in the presence of appellee (Tr. 176), and a carbon copy thereof handed to him (Tr.175).

At the bottom of said letter after the words "Yours very truly," a blank space was left for signature, under which the name "Cleve W. Van Dyke" was typewritten by the stenographer. The photostatic copy thereof showing the blank space left for the signature appears in Plaintiff's Exhibit No. 4 (Tr. 232-235). Neither the tentative letter, nor the carbon copy thereof, was signed by appellant (Tr. 191), nor did he dictate his signature to the stenographer (Tr. 191, 197), nor did he authorize his stenographer to sign either the original or carbon (Tr. 199).

The evidence does not show that the instrument was read by either party at the time it was handed to appellee. The letter was never mailed (Tr. 191, 197), but instead a telegram was sent by appellant to Hoval

A. Smith (Tr. 198), to meet the appellee in Chicago and stop at the St. Ansgar Bank and present the matter to Mr. Salisbury of the St. Ansgar Bank (Tr. 16).

In his tentative draft of letter, which was dictated in appellee's presence, appellant stated that he was writing to inform Hoval A. Smith of the situation, and to fulfill a statement that he had made to appellee that he and Hoval Smith would not pay the note for \$10,000.00 which they owed the bank, until that bank settled with appellee for his notes, which had been included in the compromise settlement with the bank (Tr. 16) and which were part of the consideration upon which the settlement with the St. Ansgar Bank was made; and he requested Hoval Smith upon his return to Arizona to stop at St. Ansgar and present the matter to Mr. Salisbury of the St. Ansgar Bank. (Tr. 16). He stated that Mr. Parker would have levied upon the payment that they were about to make to the Bank of St. Ansgar had he not stipulated that they would not make the payment to the bank until appellee's matter was adjusted.

He refers to his refusal of the payment of the notes when they were presented to him by the Gila Valley Bank of Miami for payment and their return to the St. Ansgar Bank, stating that his refusal was based upon the ground that he "did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due, as I had paid my share in full," (Tr. 14) and that he had later paid a further sum of \$10,000 which was the original cash paid to Mr. Parker. He also refers to

his reasons for making the compromise settlement with the Bank, which included these notes, was that his health was poor, that Hoval Smith's affairs were involved, that times were hard, and they felt that they had better make an amicable settlement rather than seek their dues in court (Tr. 17). He stated he did not owe the money and that he had a good defense against the bank (Tr. 15); that neither he nor the Calhoun Timber Company had received any consideration for the notes (Tr. 14), and that the whole matter was a fraud and that the bank could not hold him for any amount (Tr. 15).

This letter gave the substance of the situation with regard to the notes as it then existed. The writing was dictated to the stenographer by appellant in the presence of appellee who saw it written and received a carbon copy thereof at that time (Tr. 175), and the letter was dictated just as appellee knew the transaction to be and he heard the entire letter dictated (Tr. 189).

Appellee never questioned the truth of these statements in the letter, nor corrected the same.

Appellee's testimony as to the conversation that took place between appellee and the appellant at the time is as follows:

"Q. What was said about him writing this letter, if anything by him to you, before writing it?" (Tr. 176).

"A. Why, he had told me that he supposed these notes were paid just the same as he did in that letter. He says 'Parker, I settled with the St. Ansgar Bank, Hoval Smith and I; Hoval trans-

acted the deal, and all notes would be cleaned up,' and he says 'I understood that those notes were cleaned up; that the bank still had them.' 'Well,' I says, 'you see they don't have them,' so then after talking over our affairs, then he called up Hoval and got Mrs. Smith and found Hoval was out, and then he dictated that letter to get it off to Hoval, and Mr. Van Dyke agreed with me he would not pay any of those notes at the St. Ansgar Bank until they took up my two notes." (Tr. 177).

Subsequent to this transaction, about April, 1927, appellant and appellee had a conversation in California, (Tr. 193), as a result of which appellant sent appellee four checks of five hundred dollars each, which he claims was in settlement of such disputed liability (Tr. 193) but which appellee denies.

Appellee made no further demand for the payment of these notes for some three and a half years thereafter, at which time this action was brought.

The original notes were never introduced into evidence, the claim being made that they were lost (Tr. 141). There was testimony that they were sent to Mr. Foster, the attorney for appellee, (Tr. 149), who died while the action was pending. His surviving wife did not testify, although it appeared that all of his papers passed into her possession upon his death. (Tr. 165, 166).

The copies of the notes as set up in the complaint do not show that they bore any endorsements whatsoever, except as to payments; nor was there any allegation or testimony to the effect that they had

been transferred to appellee by the St. Ansgar Bank by endorsement.

The original of the writing dated January 1, 1927, was not introduced in evidence. What was introduced was a carbon copy thereof, plaintiff's Exhibit No. 4, appearing in the record at pages 182-184, and this was offered as an original instrument. (Tr. 178).

SPECIFICATIONS OF ERROR

SPECIFICATION OF ERROR NO. I

(Assignment of Error No. I, Tr. 228-229)

The Court erred in overruling the demurrer of the defendant-appellant to the first cause of action set up in the first and second amended complaint of the plaintiff filed herein, for the reason that it appears therein that said cause of action accrued on the 30th day of December, 1918, upon the maturing of the promissory note set up in said first amended and second amended complaints, which said promissory note being a written instrument made and payable without the State of Arizona, and said action being commenced and prosecuted more than four years after this cause of action accrued upon a written instrument executed without the State of Arizona; and the said cause of action so appearing in said pleading being barred by the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which provides that such actions shall be commenced within four years after the cause of action shall have accrued and not afterwards; and the laws of Arizona and the decision

of the Supreme Court of the State of Arizona further providing that the defense of the statute of limitations may be set up by demurrer, and when so set up defendant is entitled to judgment in his favor.

SPECIFICATION OF ERROR NO. II

(Assignment of Error No. II, Tr. 229-230)

The Court erred in overruling the demurrer of the defendant appellant to the second cause of action set up in the first and second amended complaint of the plaintiff filed herein, for the reason that it appears therein that said cause of action accrued on the 30th day of June, 1919, upon the maturing of the promissory note set up in said first amended and second amended complaints, which said promissory note being a written instrument made and payable without the State of Arizona, and said action being commenced and prosecuted more than four years after this cause of action accrued upon a written instrument executed without the State of Arizona; and the said cause of action so appearing in said pleading being barred by the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which provides that such actions shall be commenced within four years after the cause of action shall have accrued and not afterwards; and the laws of Arizona and the decision of the Supreme Court of the State of Arizona further providing that the defense of the statute of limitations may be set up by demurrer, and when so set up defendant is entitled to judgment in his favor.

SPECIFICATION OF ERROR NO. III

(Assignment of Error No. III, Tr. 230-231)

That the Court erred in denying the motion of defendant appellant, defendant appellant having excepted to the denial of said motion, made at the conclusion of the plaintiff's case, for judgment in behalf of the defendant, made upon the ground that there was no sufficient, substantial or competent evidence to sustain a judgment for the plaintiff in the case nor any evidence to sustain a judgment for the plaintiff in the case, and that defendant was entitled to judgment in his favor for the reason that the uncontracticted evidence showed that any cause of action that the plaintiff might have had against the defendant was barred by the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which defense was set up by the defendant appellant, both in his demurrers and in his answer to the merits of plaintiff's complaint; and for the further reason that there was no evidence to show that the plaintiff was the owner and holder of the notes sued on in the plaintiff's first amended and second amended complaint at the time the action was brought, or at the time that the judgment was rendered herein. Said motion being upon the specific grounds that the Court should find for the defendant upon all of the facts for the reason that plaintiff has wholly failed to establish his cause of action, and wholly failed to prove that the cause of action is not barred by the statute of limitations of the State of

Arizona pleaded in the demurrer and answer of the defendant appellant, and has wholly failed to prove that the defendant ever signed any instrument in writing acknowledging the justness of the debt or promised to pay the same at any time since the date of the note.

SPECIFICATION OF ERROR NO. IV

(Assignment of Error No. IV, Tr. 231-232)

That the Court erred in denying the motion of defendant appellant, defendant appellant having excepted to the denial of said motion, made at the close of the testimony of the case for judgment in behalf of defendant, made upon the ground that there was no sufficient, substantial or competent evidence to sustain a judgment for the plaintiff in the case nor any evidence to sustain a judgment for the plaintiff in the case, and that defendant was entitled to judgment in his favor for the reason that the uncontradicted evidence showed that any cause of action that the plaintiff might have had against the defendant was barred by the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061 of the 1928 Civil Code of Arizona, which defense was set up by the defendant appellant, both in his demurrers and in his answer to the merits of plaintiff's complaint; and for the further reason that there was no evidence to show that the plaintiff was the owner and holder of the notes sued on in the plaintiff's first amended and second complaint at the time the action was brought, or at the time that the judgment was

rendered herein. Said motion being upon the specific grounds that the Court should find for the defendant upon all of the facts for the reason that plaintiff has wholly failed to establish his cause of action, and wholly failed to prove that the cause of action is not barred by the statute of limitations of the State of Arizona pleaded in the demurrer and answer of the defendant appellant, and has wholly failed to prove that the defendant ever signed any instrument in writing acknowledging the justness of the debt or promised to pay the same at any time since the date of the note.

SPECIFICATION OF ERROR NO. V

(Assignment of Error No. V, Tr. 232-237)

That the Court erred in admitting in evidence in behalf of the plaintiff-appellee, plaintiff's Exhibit Number 4 over the objection and exception of the defendant, a photostatic copy of said exhibit appearing on pages 233 to 235 of the Transcript, and is in words and figures as follows:

“January 1, 1927.

Mr. Hoval A. Smith,
Care Senator Ralph H. Cameron,
Senate Office Building,
Washington, D. C.

My dear Hoval:

Mr. Bascom Parker, of Niles, Michigan, arrived in Miami a few days ago asking the settlement of two notes of \$5,000 each, given to him in Chicago August 30, 1917, in payment for his stock in the

Calhoun Timber Company. You will recall the deal.

This stock was purchased for the remaining stockholders of the company at the request of Mr. H. C. Olcott, acting for the trustees of the bondholders of the Calhoun Timber Company. The amount to be paid for this stock was \$50,000; \$25,000 of which was to be in Calhoun Timber Company bonds which were owned by the Calhoun Timber Company, and \$10,000 in cash, and \$15,000 in three \$5,000 notes. These notes were to be the joint obligation of yourself, Mr. Lubiens and myself. The cash paid to Mr. Parker was a check against the \$100,000 fund in the St. Ansgar Bank which we had borrowed from Thomas F. Cole, of New York. These notes were to have been paid when due. One of them came due in the following June and was sent out to me to Miami for collection. I paid this note. The two other notes have never been paid and form the basis of a demand on the part of Mr. Parker for payment at this time.

The stock was delivered and was transferred on the books of the company. One third of the stock was delivered to yourself, one third to R. C. Lubiens, and one third to myself. After the company became defunct the \$100,000 owed to Thomas F. Cole became due and as you know I have paid this sum, so that puts me now in the position of having paid \$15,000 of the \$25,000 that was owing to Mr. Parker. After the first note was paid the other two notes were taken

over by the St. Ansgar Bank, through Lubiens. Later on one of them was sent to me for collection by the St. Ansgar Bank. I refused to pay the same at the time because I had already paid the share due from me and later I paid a further sum of \$10,000 which was the original cash paid to Mr. Parker.

The notes were returned to the St. Ansgar Bank from the Gila Valley Bank of Miami, the bank to whom they were sent for collection. The refusal was based upon the grounds that I did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due, as I had paid my share in full.

Hoval A. Smith,
January 1, 1927
Page No. 2.

Later on there were some differences between the St. Ansgar Bank on this Calhoun Timber Company matter and yourself and myself. Mr. Lubiens, who was the treasurer of the company, and who was mutually trusted by us at the time, had gathered together a lot of notes which he had placed in the bank and which had been signed by us at various times, and for which we had received no consideration and for which the Calhoun Timber Company had received no consideration. In my opinion at the time this matter was brought to my attention by you and by Mr. Salisbury, the whole matter was a fraud and that the bank could not hold me for any amount.

Time went on and at your insistence an agreement was reached between ourselves and the St. Ansgar Bank. In order to avoid litigation we agreed to a settlement between the bank and ourselves with the understanding that all notes and obligations were to be included within this settlement. No notice has ever been received by me from the Bank of St. Ansgar or Mr. Lubiens that they had not taken up these notes when they were refused payment by me for the cause stated above. I was under the impression that Mr. Lubiens and the bank, having been notified by me that it was their obligation, had assumed these notes and that they were still held by them and was part of the consideration upon which our settlement was based. What was my surprise to learn the other day upon the arrival of Mr. Parker that the bank, instead of including these notes in our settlement as I presumed was being done, had returned the notes to Mr. Parker unpaid. And now Mr. Parker has presented these notes to me for payment.

Now, Hoval, I have tried to be patient in this matter, I have tried to be fair; I have assumed more than my share of the obligation of this disastrous enterprise; I have carried the load for you; I have carried the load for the bank and have paid out practically all the cash money that has been paid out since the final crash of the company. I have secured not one nickle or one dime in salvage from the company and I have even gone so far as to pay the \$100,000 to Mr. Cole

which was a joint obligation of yourself, the bank and myself.

I presumed the bank was trying to adjust this thing fairly and on a basis of equity and trying to clear up a nasty mess. When Mr. Parker arrived I explained to him fully what my relationship to the bank was on these matters. I told him that we now have due and payable a note to them of \$10,000. He has notified me that

Hoval A. Smith,
January 1, 1927
Page No. 3.

we must not make this payment to the bank until his matter is adjusted.

I am writing you to inform you of the situation. I request now that you feel obligated to Mr. Parker to fulfill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted, in other words, I request that you, upon your return to Arizona, stop at St. Ansgar, see Mr. Salisbury and present this matter to him. Mr. Parker would have levied upon this payment that we were about to make to the Bank of St. Ansgar had I not stipulated to him as stated above. I suggest that you now have a definite understanding with Mr. Salisbury in reference to this matter. I expect them to treat Mr. Parker as fairly as I have treated them. Our agreement with Mr. Parker was definite. Our arrangement among ourselves was well understood and Mr. Parker is only asking for his rights and what is legitimate. The fact of the

matter is I am very much surprised indeed at the action taken by the bank in this matter, especially after the settlement that has been made between them and us. We were trying to seek a way out of our difficulties and the way out unloaded over a quarter of a million dollars of obligations upon myself, which, while it is unfair, was arranged in order to avoid troublesome litigation and a long period of contest and fighting. As you know, we discussed the matter and we decided that it would take a large sum of money and a long time to work out this litigation. My health was poor, your affairs were involved, times were hard and we felt that we might better make an amicable settlement rather than seek our dues in the court. It may be that Mr. Salisbury does not know about this situation, and if he does not, you should apprise him of it and clarify it as soon as possible.

With kindest personal regards, I am
Yours very truly,

CLEVE W. VAN DYKE.

CWV:T"

That said instrument as herein set up not being such an acknowledgment of the debt sued upon as would relieve the bar of statute of limitations, as pleaded by the defendant, and not being sufficient under the provisions of Section 2068, Revised Code of Arizona 1928, which provides that when an action is barred by limitation no acknowledgment of the justness of the claim made subsequent to the time it

became due shall be admitted in evidence to take the case out of the operation of the law unless such acknowledgment be in writing and signed by the party to be charged thereby.

SPECIFICATION OF ERROR NO. VI.

(Assignment of Error No. VI, Tr. 237-238)

That the Court erred in admitting in evidence in behalf of the plaintiff, over the objection and exception of the defendant, the copy of note set up on page 2 of plaintiff's second amended complaint, the same being read into the evidence from the complaint and being in words and figures as follows:

"\$5,000.00 Chicago, Illinois, October 30, 1917. On or before December 30, 1918, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker, at The St. Ansgar Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

"It is agreed, and consent is hereby given, that if sued, a reasonable attorney's fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

"The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgd) HOVAL A. SMITH

CLEVE W. VAN DYKE

No. 23716
P. O. Miami, Ariz.
and Chicago.

“Endorsed: April 14th, 1927, paid
hereon by check, \$500.00
June 13th, 1927, paid hereon by
check, \$500.00”

upon the ground that the same was secondary evidence and no proper foundation was laid therefor, in that it was not shown that the same had been lost or destroyed; and that it affirmatively appeared from the evidence that after the death of Graham Foster, former attorney for the plaintiff, his effects passed into the hands of his surviving wife, and no showing was made that the same was not yet in her possession nor were her depositions taken in the premises, and for the further reason that it did not appear that the plaintiff was the owner and holder of said note.

SPECIFICATION OF ERROR NO. VII.

(Assignment of Error No. VII, Tr. 238-240)

That the Court erred in admitting in evidence in behalf of the plaintiff, over the objection and exception of the defendant, the copy of the note set up on page 8 of plaintiff's second amended complaint, the same being read into the evidence from the complaint and being in words and figures as follows:

“5000.00 Chicago, Illinois, Oct. 30, 1917.

On or before June 30, 1919, for value received, I or we, jointly and severally promise to pay to the order of Bascom Parker at The St. Ansgar

Bank of Brush, Lubiens & Annis, at its office in St. Ansgar, Iowa, Five Thousand Dollars, with interest from date at six per cent per annum, payable annually.

“It is agreed, and consent is hereby given, that if sued, a reasonable attorney’s fee may be recovered. Note or interest not paid when due, to bear interest at 7 per cent per annum from maturity.

“The makers and endorsers hereof jointly and severally waive demand, notice of non-payment and protest of this note.

(Sgd) HOVAL A. SMITH
CLEVE W. VAN DYKE

No. 5793
P. O. Bisbee, Ariz.
Miami, Arizona.

“Endorsed: May 21st, 1927, paid
hereon by check, \$500.00
July 20th, 1927, by check, \$500.00”

upon the ground that the same was secondary evidence and no proper foundation was laid therefor, in that it was not shown that the same had been lost or destroyed; and that it affirmatively appeared from the evidence that after the death of Graham Foster, former attorney for the plaintiff, his effects passed into the hands of his surviving wife, and no showing was made that the same was not yet in her possession

nor were her depositions taken in the premises, and for the further reason that it did not appear that the plaintiff was the owner and holder of said note.

SPECIFICATION OF ERROR NO. VIII.

(Assignment of Error No. VIII, Tr. 240-247)

That the Court erred in finding judgment for the plaintiff herein, in that the judgment of the Court is not sustained by the special findings of fact of the Court, and in Finding of Fact number 5, which said Finding of Fact reads as follows:

“That after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note in a written instrument in the following words and figures:

(Here follows the instrument dated January 1, 1927, which is set up in haec verba in Specification of Error No. V herein, and because of its length is not here set up again).

“That the promissory note set forth in Finding 3 is one of the promissory notes mentioned and described in the foregoing instrument. Said instrument was written, signed and delivered by defendant, Cleve W. Van Dyke, to the plaintiff at Miami, in the County of Gila, State of Arizona, on the first day of January, 1927,”

the said written instrument so set up in said Finding of Fact number 5 is not such an acknowledgment under Section 2068 of the Revised Code of Arizona, 1928, which required that when an action is barred

by limitation no acknowledgment of the justness of the claim made subsequent to the time it became due shall be admitted in evidence to take the case out of the operation of the law unless such acknowledgment be in writing and signed by the party to be charged thereby; said instrument not containing any acknowledgment of the justness of the claim nor being signed by the defendant appellant, nor containing any express or implied promise to pay the notes which are the subject matter of this action.

Nor is said judgment sustained by special Finding of Fact No. 12, reading as follows:

“That after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note in the written instrument which is set forth in Finding No. 5 upon the First Cause of Action and is one of the promissory notes mentioned and described in said written instrument. Said instrument was written, signed and delivered by defendant Cleve W. Van Dyke to the plaintiff at Miami, in the County of Gila, State of Arizona, on the first day of January, 1927,”

in that the instrument therein referred to is the instrument set up in Haec Verbe in said Finding of Fact No. 5, and said instrument not being such an acknowledgment under Section 2068 of the Revised Code of Arizona, 1928, which required that when an action is barred by limitation no acknowledgment of the justness of the claim made subsequent to the time it became due shall be admitted in evidence to take the case out of the operation of the law unless

such acknowledgment be in writing, and signed by the party to be charged thereby, said instrument not containing any acknowledgment of the justness of the claim nor being signed by defendant appellant, nor containing any express or implied promise to pay the notes which are the subject matter of this litigation.

SPECIFICATION OF ERROR NO. IX.

(Assignment of Error No. IX, Tr. 247)

That the Court erred in making its Finding of Fact No. 4, reading as follows, to-wit:

“That said note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was and still is the owner and holder thereof, and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars (\$500.00) each at the dates set forth in the endorsements thereon.”

upon the ground that there was no evidence to sustain said Finding of Fact, and particularly the Finding of Fact that the plaintiff was still the owner and holder of said promissory note.

SPECIFICATION OF ERROR NO. X.

(Assignment of Error No. X, Tr. 248)

That the Court erred in making its Finding of Fact No. 11, reading as follows, to-wit:

“That said note was given for a valuable consideration and at the time of the commencement of this action the plaintiff was and still is the

owner and holder thereof, and that no part thereof has been paid except the sum of One Thousand Dollars (\$1,000.00) paid in two installments of Five Hundred Dollars (\$500.00) each at the dates set forth in the endorsements thereon.”

upon the ground that there was no evidence to sustain said Finding of Fact, and particularly the Finding of Fact that the plaintiff was still the owner and holder of said promissory note.

SPECIFICATION OF ERROR NO. XI

(Assignment of Error No. XI, Tr. 248-249)

That the Court erred in making said Finding of Fact No. 5 that after the maturity of said note the defendant Cleve W. Van Dyke acknowledged the justness of the claim of the plaintiff upon said promissory note in a written instrument set up in said Finding of Fact (which said written instrument is set up in *Haec Verba* in our Assignment of Error number VIII), in that said Finding of Fact is not sustained by the evidence, in that the same is based upon plaintiff's Exhibit No. 4 introduced in evidence, a photostatic copy of which is herein set up in our Assignment of Error Number V, (and in order to avoid repetition the said photostatic copy is not again set up but is made a part of this Assignment of Error by reference to said Assignment of Error No. V), and it appearing therefrom that the said instrument was neither written or signed by said defendant Cleve W. Van Dyke nor was the same a completed instrument, in that a space was left thereon for his signature in the event that he approved of the draft thereof, and that the

typewriter signature at the bottom thereof was never adopted by him, and there is no evidence in this case showing that he adopted said typewritten signature; and for the further reason that the said instrument was inadmissible in evidence under the provisions of Section 2068 of the Revised Code of Arizona, 1928, and was not competent evidence to arrest the running of the statute of limitations pleaded by the defendant Cleve W. Van Dyke in his demurrer to plaintiff's first and second amended complaint and in his answer to the merits of the plaintiff's first and second amended complaint, and therefore is not competent evidence to sustain said Finding of Fact.

SPECIFICATION OF ERROR NO. XII

(Assignment of Error No. XII, Tr. 249-250)

That the Court erred in making its Finding of Fact No. 6 in that portion thereof reading as follows:

“That the said defendant Cleve W. Van Dyke intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same,”

upon the ground that there is no evidence in the record to support this portion of said Finding of Fact No. 6.

SPECIFICATION OF ERROR NO. XIII

(Assignment of Error No. XIII, Tr. 250)

That the Court erred in making its Finding of Fact No. 13 in that portion thereof reading as follows:

“That the said defendant Cleve W. Van Dyke

intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same,”

upon the ground that there is no evidence in the record to support this portion of said Finding of Fact No. 13.

SPECIFICATION OF ERROR NO. XIV.

(Assignment of Error No. XIV, Tr. 250)

That the Court erred in making its Finding of Fact No. 16, reading as follows:

“That both of said promissory notes were lost since the commencement of this action and the same cannot be found after diligent search and inquiry, but that the evidence establishes the form and language of said notes as set forth in the foregoing findings,”

in that there is no evidence in the record to support said Finding of Fact.

SPECIFICATION OF ERROR NO. XV

(Assignment of Error No. XV, Tr. 251)

That the Court erred in its Conclusion of Law No. 1, reading as follows, to-wit:

“That the promissory notes set forth in the first and second cause of action are not, nor is either of them, barred by the statute of limitations of the State of Iowa or the State of Arizona, but that the same are now valid and subsisting obligations,”

in that said Conclusion of Law is contrary to the laws of the State of Arizona and particularly to Section 2061 of the Revised Code of Arizona, 1928, and contrary to the general law of the land in that all matters of limitation and remedy are governed by the law of the forum.

SPECIFICATION OF ERROR NO. XVI.

(Assignment of Error No. XVI, Tr. 251-252)

That the Court erred in its Conclusion of Law No. 2, reading as follows:

“That the instrument dated January 1st, 1927, written and signed by the defendant Cleve W. Van Dyke is a sufficient memorandum in writing signed by the said defendants to arrest the running of the statute of limitations and to start the period of limitation to running anew under the law of the State of Iowa,”

in that said Conclusion of Law is erroneous in that the law of the State of Iowa has no extra territorial effect, and that the sufficiency of an instrument to arrest the running of the statute of limitations must be governed by the law of the forum, namely, the law of the State of Arizona, and that the instrument dated January 1st, 1927, is not sufficient under the laws of Arizona to arrest the statute of limitations pleaded by the defendant in this cause.

SPECIFICATION OF ERROR NO. XVII.

(Assignment of Error No. XVII, Tr. 252)

That the Court erred in its Conclusion of Law No. 3, reading as follows:

“That the instrument dated January 1st, 1927 written and signed by the defendant Cleve W. Van Dyke is a sufficient memorandum in writing signed by the said defendants to arrest the running of the statute of limitations and to start the period of limitation to running anew under the law of the State of Arizona,”

in that the said Conclusion of Law is erroneous and contrary to the statutes of Arizona and to the decisions of the Supreme Court of Arizona interpreting Section 2068 of the Revised Code of Arizona, 1928.

SPECIFICATION OF ERROR NO. XVIII.

(Assignment of Error No. XVIII, Tr. 252-253)

That the Court erred in its Conclusion of Law No. 4, reading as follows:

“That the absence of the defendant Cleve W. Van Dyke from the State of Arizona prevented the operation of the statute of limitations during the period of such absences, and that neither of said notes was barred by limitations,”

in that the absence of the defendant Cleve W. Van Dyke from the State of Arizona had no bearing upon the operation of the statute of limitations, as said cause of action, as appears from the evidence and record herein, was barred long prior to the filing of plaintiff's complaint in this action.

SPECIFICATION OF ERROR NO. XIX.

(Assignment of Error No. XIX, Tr. 253)

That the Court erred in its Conclusion of Law No. 5, reading as follows:

“That the plaintiff is entitled to judgment against the defendant Cleve W. Van Dyke for the sum of Eight Thousand Dollars (\$8000.00), being the unpaid principal of said two promissory notes, with interest at the rate of seven per cent (7%) per annum from the maturity thereof as therein provided until paid, less the sum of One Thousand Dollars (\$1000.00) paid upon each of said notes, and for a reasonable attorney’s fee in the amount fixed by the Court at the sum of Two Thousand Dollars (\$2000.00), and for the costs of this action,”

in that the same is contrary to the laws and statutes of Arizona as applied to the facts in this case, as shown by the record, evidence and pleadings therein.

ISSUES

The question for determination is whether the District court erred in rendering judgment for the appellee and the issues as raised by the Assignments of Error are:

1. Does a complaint state a cause of action where the complainant in order to avoid the statute of limitation sets up an instrument that contains a valid defense to the complaint and fails to allege any facts to avoid the defense which he assumes to state?

2. Was the action governed by the statutes of Arizona (the law of the forum) as to matters of limitation and evidence or by the laws of Iowa (the state where the notes sued upon were payable)?

3. Was the instrument of January 1, 1927, set up

in appellee's amended complaint sufficient to arrest the running of the statute of limitations of Arizona and start it running anew?

4. Did appellant make a settlement with the pledgee of the notes sued upon?

5. Was the appellee a holder in due course of the promissory notes sued upon?

6. Did the findings of fact support the judgment of the trial court?

7. Does the evidence support the judgment of the trial court or its findings of fact?

8. Did the court err in permitting the introduction in evidence of plaintiff's Exhibit No. 4 over the objection and exception of appellant?

BRIEF OF ARGUMENT

I.

THE COMPLAINANT FAILS TO STATE A CAUSE OF ACTION

The amended complaint fails to state a cause of action because it appears upon the face thereof that the alleged first cause of action stated therein accrued on the 30th day of December, 1918, and the second, on the 30th day of June, 1919; that the notes were executed in Illinois and payable in Iowa; that by reason thereof they were barred by the four year statute of limitations of Arizona, unless the instrument dated January 1, 1927, and set up in haec verba in the complaint, is sufficient to arrest the running

of the statute. The appellant pleaded the statute by demurrer, specifically setting it up. The said instrument pleaded by plaintiff neither acknowledged the claim as a subsisting obligation, nor expressed any willingness to pay. The amended complaint also fails to avoid the defense of settlement which plaintiff assumed to set up in his complaint.

(a) When the state practice permits the pleading of the statute of limitations by way of demurrer, the Federal courts follow the same rule.

Bank v. Lowery, 23 L. Ed. 806, 93 U. S. 72.

Mercantile National Bank v. Carpenter, 25 L. Ed. 815, 101 U. S. 567.

Kendall v. United States, 27 L. Ed. 437, 107 U. S. 123.

(b) The practice in Arizona permits the pleading of the statute of limitations by way of demurrer.

Providence Gold Mining Co. v. Marks, 7 Ariz. 74, 60 Pac. 938;

Hagenauer v. Detroit Copper Mining Co., 14 Ariz. 74, 124 Pac. 803;

Gambrell v. McKean, 28 Ariz. 427, 237 Pac. 196.

(c) In order for an instrument to arrest the running of the statute of limitations in Arizona, it must contain both an acknowledgment of the justness of the claim sued upon, and an expression of a willingness to pay same, according to the interpretation placed upon the statute by the Supreme Court of Arizona.

Section 2068, Revised Code Arizona, 1928

Steinfeld v. Marteny, 40 Ariz. 116, 10 Pac. (2d) 367.

(d) The same interpretation that there must be an acknowledgment of the justness of the claim as a subsisting obligation and an expression of a willingness to pay is placed upon similar or identical statutes in other jurisdictions as were placed on this statute by the Arizona Supreme Court in *Steinfeld v. Marteny*, *supra*.

Bell v. Morrison, 7 L. Ed. 174, 1 Peters 351; (Interpreting Ky. statute)

Shepherd v. Thompson, 30 L. Ed. 1156, 122 U. S. 231;

(Interpreting statute in force in District of Columbia)

First National Bank of Park Rapids v. Pray 288 Fed. 675 (9 C. C. A.)

(Interpreting California statute)

Beckman v. Alaska Dredging Co., (Wash.) 40 Pac. (2) 117;

Tucker v. Guerrier, 170 Wash. 165, 15 Pac. (2) 936;

Griffin v. Lear, 123 Wash. 191, 212 Pac. 271;

Thomas v. Carey, 26 Colo. 485, 58 Pac. 1093;

Coles v. Kelsey, 2 Tex. 541, 47 A. D. 661.

(e) The liability depends not upon the old obligation, but upon the new promise, and action must be brought upon the new promise.

Bell v. Morrison, supra;
Shepherd v. Thompson, supra;
Steinfeld v. Marteny, supra;
Coles v. Kelsey, 2 Tex. 541, 47 A. D. 661;
Tucker v. Guerrier, supra;
Beckman v. Alaska Dredging Co., supra;
McCormick v. Brown, 36 Cal. 180;
Chabot v. Tucker, 39 Cal. 434;
Curtis v. City of Sacramento (Cal.) 11 Pac.
 748.

(f) The construction of the statute (Sec. 2068, Rev. Code Arizona, 1928) was squarely before the court in the case of *Steinfeld v. Marteny*, supra, and that case is *stare decises*, and the rule therein expressed became as much a part of the statute as if it were expressly set out therein. It was not obiter dictum.

Leffingwell v. Warren, 67 U. S. 2, 17 L. Ed. 261;

Union P. R. Co. v. Mason City & Ft. D. R. Co., 199 U. S. 160, 50 L. Ed. 134;

Florida Central R. R. Co. v. Schutte, 103 U. S. 118, 26 L. Ed. 327;

New York C. & H. R. R. Co. v. Price, 159 Fed. 330 (1 C. C. A.)

(g) In matters of limitation and evidence, the court is bound by the law of the forum and this applies to the interpretation of any instrument pleaded to arrest the operation of the statute. For this rea-

son, the court should have applied the Arizona law, and not the Iowa law.

Scudder v. National Bank of Chicago, 23 L. Ed. 245, 91 U. S. 406;

Bucher v. Cheshire R. Co., 125 U. S. 555, 31 L. Ed. 795;

Leffingwell v. Warren, 67 U. S. 599, 17 L. Ed. 261;

Ex parte Fisk, 113 U. S. 713, 28 L. Ed. 1117;

Connecticut Mutual Life Ins. Co. v. Union Trust Co., 112 U. S. 250, 28 L. Ed. 708;

M'Neil v. Holbrook, 12 Pet. 84, 9 L. Ed. 1009;

Simms v. Hundley, 6 How. 1, 12 L. Ed. 319;

First National Bank of Park Rapids v. Pray, 288 F. 675 (9th C. C. A.);

Walsh v. Mayer, 111 U. S. 31, 28 L. Ed. 338;

(h) The statute was borrowed from Texas by Arizona, and Arizona adopted the construction placed upon it by Texas prior to that time.

Steinfeld v. Marteny, *supra*.

(i) The Federal decisions are in harmony with the interpretation placed upon the statute by the Arizona Supreme Court.

Bell v. Morrison, 1 Pet. 351, 7 L. Ed. 174;

Clementson v. Williams, 3 L. Ed. 491, 8 Cranch 69;

Shepherd v. Thompson, *supra*;

Shurter v. Ricker, 62 F. (2) 489 (Texas) (C. C. A. 5);

Moore v. Bank of Columbia, 6 Pet. 86, 8 L. Ed. 329;

First National Bank of Park Rapids v. Pray,
supra.

(j) Under none of the decisions interpreting statutes similar to those of Arizona has such an instrument been held sufficient to arrest the running of the statute.

Bell v. Morrison, supra;

Moore v. Bank of Columbia, supra;

Shepherd v. Thompson, supra;

First Nat'l Bank of Park Rapids v. Pray,
supra;

Coles v. Kelsey, supra;

Salinas v. Wright, 11 Texas 572;

Rawlett v. Lane, 43 Texas 274;

Krueger v. Krueger, 76 Texas 178, 12 S. W. 1004, 7 L. R. A. 72;

McCormick v. Brown, supra;

Chabot v. Tucker, supra;

Curtis v. City of Sacramento (Cal). 11 Pac. 748;

Clementson v. Williamson, supra;

Bell v. Rowlands, Hardin's Rep. 301 (cited in *Bell v. Morrison*, supra);

Leigh v. Linthechun, 30 Tex. 103;

Shurter v. Ricker, supra;

Thomas v. Carey, 26 Colo. 485, 58 Pac. 1093;

Beckman v. Alaska Dredging Co., supra;

Tucker v. Guerrier, supra;

Griffin v. Lear, supra.

(k) The statute being a statute of repose, should be enforced according to its intent and object; especially so in a case where the claim has been permitted to remain dormant for a period of more than fifteen years.

Shepherd v. Thompson, supra.

(l) The pledgee of commercial paper is owner thereof as to the makers of the instrument.

Babbitt Bros. Trading Co. v. First National Bank, 261 Pac. 45, 32 Ariz. 588.

(m) When it is shown that the title of any person who has negotiated the instrument was defective, the burden is upon the holder to prove that he is a holder in due course.

Revised Code of Arizona, 1928, Sec. 2381.

Lentz v. Landers, 21 Ariz. 117, 185 Pac. 821;

Arnett v. Reid, 24 Ariz. 410, 210 Pac. 688;

People's Nat'l Bank v. Taylor, 17 Ariz. 215, 149 Pac. 763.

(n) The burden of proof was upon appellee to show not only that he is a holder for value, but that he had no knowledge of facts from which notice of the fraud could be inferred.

Navajo-Apache Bank & Trust Co. v. Willis, 21 Ariz. 610, 193 Pac. 297;

People's Nat'l Bank v. Taylor, supra; Sec. 2381, Revised Code of Arizona, 1928;

Lentz v. Landers, supra;

Arnett v. Reid, supra.

(o) One can only become a holder in due course by an endorsement without restriction in the usual course of business.

Central Trust Co. v. First National Bank, 25 L. Ed. 876, 101 U. S. 68.

(p) When the complaint assumes to state a valid defense it must avoid the confession, and if not, demurrer to it should be sustained.

Kane v. Bloodgood, 11 A. D. 417;

Western Union Tel. Co. v. Yopst, 3 L. R. A. (OS) 224;

Bowlus v. Phoenix Ins. Co., 20 L. R. A. (OS) 400;

Mercantile Nat'l Bank v. Carpenter, supra.

II.

Appellant and appellee placed a practical construction upon the writing dated January 1, 1927, and this construction is binding upon them.

Crunden-Martin Mfg. Co. v. Christy, 22 Ariz. 254; 196 Pac. 454

Mitau v. Roddan, 84 Pac. 145 (Calif.)

III.

In order to adopt a signature made by another there must be an intention to adopt on the part of the

person sought to be charged with the signing and this intention must be definitely expressed.

Richmond Stand. Steel Spike Co. v. Chester-Field Coal Co., 160 Fed. 832 (4 C C A)

IV.

A presumption cannot be based upon a presumption, nor can a basic fact be established by presumption.

Musson v. Lake, 11 L. Ed. 967; 4 How. 262

United States v. Ross, 23 L. Ed. 707; 92 U. S. 281

Manning v. Mutual Life Ins. Co., 25 L. Ed. 761, 100 U. S. 693

United States v. Carr, 33 L. Ed. 483; 132 U. S. 644

V.

In order for appellant to avoid the confession contained in his complaint of the settlement made with the pledgee of the notes he would have to prove that the notes were endorsed over to him in the regular course of business before maturity and without notice of dishonor or defect of pledgee's title.

Central Trust Co. v. First National Bank, 25 L. Ed. 876; 101 U. S. 68

VI

Appellee having appeared on witness stand and failing to testify to basic facts of which he had pe-

culiar knowledge could not rely upon inferior testimony to establish these facts.

Runkle v. Burnham, 38 L. Ed. 694; 153 U. S. 216

Kirby v. Tallmadge, 40 L. Ed. 463; 160 U. S. 379.

VII.

Appellant's answer is sufficient.

Smith v. Sac County, 20 L. Ed. 102; 78 U. S. 139.

ARGUMENT

I.

SPECIFICATIONS OF ERROR NOS. I AND II
(Assignments of Error No. I, Tr. 228-229, and II,
Tr. 229-230)

The Court erred in overruling appellant's demurrer (Tr. 23-26) to the first and second causes of action of appellee's second amended complaint (Tr. 10-23).

The second amended complaint fails to state a cause of action, as it appears upon the face of said complaint that the alleged first cause of action stated therein accrued on the 30th day of December, 1918, and the second, on the 30th day of June, 1919; that the notes were executed in Illinois and payable in Iowa; that by reason thereof they were barred by the four year statute of limitations of Arizona, unless the instrument dated January 1, 1927, and set up in haec verba in said amended complaint, is sufficient to arrest the running of the statute. Appellant's de-

murrer to said amended complaint set up that it did not state a cause of action against appellant, and pleaded the said statute of limitations, specifically setting it up.

The instrument pleaded by appellee neither acknowledged the claim as a subsisting obligation, nor expressed any willingness to pay. And in said second amended complaint, appellee failed to avoid the defense of appellant stated in said writing, which appellee assumed to state in his complaint, that defense being that he had made a complete settlement of the disputed liability upon said notes in question with the pledgee of the instruments (The St. Ansgar Bank) while the notes were in said bank's possession, nor was it pleaded that appellee was the holder in due course of said instrument, nor any facts which would establish that he was such a holder in due course.

It will be noted that the original complaint was filed on January 21, 1931 (Tr. 7), more than eleven years after the accrual of the alleged causes of action.

STATUTE OF LIMITATIONS MAY BE PLEADED BY DEMURRER

The statute of limitation of Arizona provide:

"There shall be commenced and prosecuted within four years after the cause of action shall have accrued, and not afterward, the following actions: * * * * 3. upon a judgment or decree of any court rendered without this state, or upon an instrument in writing executed without this state." Section 2061, Subd. 3, *Revised Code of Arizona* 1928.

The practice in Arizona provides that a defense based upon the ground that a cause of action is barred by the statute of limitations, may be pleaded by demurrer when the claim appears to be barred on the face of the complaint. This rule has been in force in Arizona since the year 1900.

In the case of *Providence Gold Mining Co. v. Marks*, 7 Ariz. 74, 60 Pac. 938, the court says:

“The ruling of the United States Supreme Court (*Bank v Lowery*, 93 U. S. 72, 23 L.ed. 806, citing and approving *Howell v Howell*, 15 Wis. 55) under a statute identical with ours has been recognized and followed without exception.” (p. 79).

This holding has been followed in all subsequent decisions in the Supreme Court of Arizona.

Hagenaur v Detroit Copper Mining Co., 14 Ariz. 74; 124 Pac. 803.

Gambrell v. McKean, et al, 28 Ariz. 427; 237 Pac. 196.

This rule of practice applies in cases tried in the Federal Court. In construing the statute of limitation of Wisconsin in *Bank v. Lowery*, 23 L.ed. 806, 93 U. S. 72, the Court says:

“As this is the law of Wisconsin, the Circuit Court of the United States for the Western District of Wisconsin is bound by it, and as the decision in the principal case accords therewith, the first assignment of error cannot be sustained.”

The Supreme Court of the United States in the case

of *Mercantile National Bank v. Carpenter*, 25 L. Ed. 815, 101 U. S. 567, said:

“Our reasoning in the case at law and the authorities there cited are applicable here. It appears on the face of the bill that the case which it makes is barred by the statute of limitations, and that the excuse of concealment of ‘the cause of action’ by defendants, is not so alleged as to avail the complainant. This defect can be taken advantage of by demurrer. (Citing cases). The demurrers of the defendant were therefore rightly sustained and the appeal was properly dismissed.”

A similar ruling was made by the United States Supreme Court in *Kendall v. United States*, 27 L. Ed. 437, 107 U. S. 123.

At the time the said demurrer was overruled as to appellant, the court filed his “Memorandum Ruling” thereon (Tr. 27-37) wherein he states.

“The notes are expressly payable in Iowa and the causes of action thereon accrued there. Where a note is executed in one state and made payable in another, the general rule is that it is governed as to its nature, validity, interpretation and effect by the laws of the state in which it is payable without regard to the place where it was written, signed or dated, it being presumed that the parties contracted with reference to that place. 8 *Corpus Juris*, 92; (Citing cases).

The Court then cites from Section 11018, Code of Iowa, 1927, which is as follows:

“Causes of action founded on contract are revived by an admission in writing, signed by the party to be charged that the debt is unpaid, or by a like new promise to pay the same.” (Tr. 30).

The Court then cites numerous Iowa and New Mexico cases to the effect that the cause of action is revived by the admission alone, and that the admission need not in terms imply a promise or willingness to pay, and the court then said:

“Irrespective of the statements in the letter of Mr. Van Dyke’s reasons for refusing to pay the notes, or of the assumption of the payment of the same by others, his admission is clear and unequivocal that the two notes for \$5,000.00 each, given to Mr. Parker in payment for his stock in the Calhoun Lumber Company are unpaid.

“It is clear that the statement signed by Mr. Van Dyke constitutes, as to him, sufficient admission under the statute of Iowa, as interpreted by the Courts of that State, to revive the debt, or to set the statute running anew on the notes on which action has been instituted in this court.” (Tr. 36).

LAW OF FORUM GOVERNS

It will be noted that the Court interprets the said writing as meaning that Van Dyke was giving his “reasons for refusing to pay the notes.”

From this, it will be seen, that the Court in making its ruling on the demurrer, was guided by the Iowa statute, and not by the statute of Arizona.

An examination of the authorities will show that the court's holding that appellant's demurrer should be overruled because the facts stated in the second amended complaint were sufficient under the Iowa law to arrest the running of the statute and that the trial court was bound to overrule the demurrer for that reason, was erroneous for the reason that the matter was governed by the Arizona statutes.

We would like to call the Court's attention to the decisions of the Supreme Court of the United States, interpreting *Title 28 of U. S. Code, Sections 724 and 725* thereof, being the provisions of the Conformity Act and the law, and providing that "the laws of the several States, except where the Constitution, treaties, or statutes of the United States otherwise require or provide, shall be regarded as rules of decision in trials at common law, in the Courts of the United States, in cases where they apply. (R. S. Sec. 721)."

In interpreting this law, the Supreme Court of the United States in the case of *Scudder v. National Bank of Chicago*, 91 U. S. 406; 23 L. Ed. 245, lays down the rule governing the application of the sections in regard to the admissibility of evidence and statutes of limitation in the following language:

"Matters bearing upon the execution, the interpretation and the validity of a contract are determined by the law of the place where the contract is made. Matters connected with its performance are regulated by the law prevailing at the place of performance. Matters respecting the remedy, such as the bringing of suits, admissibility of evidence, *statutes of limitation*, depend

upon the law of the place where the suit is brought." (*Italics ours*).

And the same court in the case of *Bucher v. Cheshire R. Co.* 125 U. S. 555; 31 L. Ed. 795, says:

"It must be admitted that it (the statute) does provide that the laws of the several states shall be received in the courts of the United States in cases where they apply as the rules of decision in trials at common law."

and it cites *Leffingwell v. Warren*, 67 U. S. 599, 17 L. Ed. 261, in regard to statute of limitations as follows:

"The construction given to a statute of a state by the highest judicial tribunal of such state is regarded as a part of the statute, and is as binding upon the courts of the United States as the text." (*Italics ours*).

The above case also quotes *Ex Parte Fisk*, 113 U. S. 713, 28 L. Ed. 1117, as follows:

"It has often been decided in this court that in actions at law in the courts of the United States, the rules of evidence and the laws of evidence generally of the state prevail in those courts."

In the case of *Connecticut Mutual Life Insurance Co. vs. Union Trust Co.*, 112 U. S. 250, 28 L. Ed. 708, the court says:

"As to Section 914, it is sufficient to say that it does not modify section 721 in so far as the latter makes it the duty of the courts of the United States in trials at common law, to enforce (except where the laws of the United States

otherwise provide) *the rules of evidence prescribed by the laws of the state in which they sit.*" (Italics ours).

In the case of *M'Neil v. Holbrook*, 12 Peters 84, 9 L. Ed. 1009, the court says:

"In some cases the laws of the states require written evidence. In others, it dispenses with it, and permits the party to prove his case by parol testimony; and what rule of evidence could the courts of the United States adopt, to decide a question of property, but the rule which the Legislature of the state has prescribed?"

In the case of *Simms v. Hundley*, 6 Howard 1, 12 L. Ed. 319, the court says:

"It is true, that, upon general principles of commercial law, the certificate would not be admissible. But it is made evidence by the statute of Mississippi, and the rules of evidence prescribed by the statute of a state are always followed by the courts of the United States, when sitting in the state, in commercial cases as well as in others."

The Ninth Circuit Court of Appeals in the case of *First National Bank of Park Rapids vs. Pray*, 288 Fed. 675, held that they were bound by the construction of the state statute by the Supreme Court of California. The plaintiff had offered in evidence seventeen letters, eight signed by the defendant in California and addressed to the officers of the plaintiff bank in Park Rapids, Minn., and nine signed by officers of the plaintiff bank in Park Rapids, Minn.,

and addressed to the defendant in California. The defendant objected to these letters on the ground that they were immaterial, irrelevant and incompetent and did not tend to prove waiver of the statute of limitations or the question of forbearance. The objection was sustained by the court, and thereupon the defendant moved for a non-suit, which was granted, and the plaintiff brought the suit to the Circuit Court of Appeals upon a writ of error. The Circuit Court of Appeals in sustaining the judgment of the Trial Court says:

“But the statute, as construed by the Supreme Court of the state, following a decision of the Supreme Court of the United States by Mr. Justice Story in *Bell v. Morrison*, 1 Pet. 351, 362, 7 L. Ed. 174, requires an acknowledgment of the liability to pay and a willingness to pay.”

And quotes at length from Judge Story's opinion. As the California statute is practically the same as our statute, and as the Ninth Circuit is the Circuit in which this district is situated, and as the facts in that case are very much like the facts in the case at bar, we suggest to the Court that it lays down a rule governing the interpretation of such suits that is binding upon the District Court of Arizona.

The same principle is involved in the case of *Walsh v. Mayer*, 111 U. S. 31, 28 L. Ed. 338, where the notes were drawn in New Orleans, La., where they were endorsed and delivered. The instrument relied upon was a letter of the defendant written in the state of Mississippi. The action was brought in Mississippi, and the defendant claimed the benefit of the statute of limita-

tions of that state. The Supreme Court of the United States says:

“On these facts, two questions arose: first, whether the bar of the statute of Limitations was prevented by a sufficient acknowledgment or promise by the defendants as makers of the note; and second, whether the usurious interest paid by them could be applied in reduction of the principal debt.”

The trial court held that the laws of Mississippi governed. The instrument relied upon was held to be such a definite recognition and acknowledgment of the debt under the laws of the state of Mississippi as would take the claim out of the operation of the statute of limitations of that state, and the Supreme Court held:

“The Circuit Court rightly held that the Statute of Limitations of Mississippi, being the law of the forum, was the one applicable to the case;”

and held that the Trial Court was right in holding that the instrument was sufficient under the laws of Mississippi to prevent the operation of the statute of limitations as aforesaid.

The importance of this decision will be understood when we consider the law of the state of Louisiana in regard to limitations. Under the law of Louisiana, as defined by the Supreme Court of that state, the debtor must renounce the acquired prescription. See *Succession of Slaughter—on Opposition of Gardner*, 108 La. 492; 58 LR A (OS) 408, where the court in construing an instrument says:

“The letter and the payment taken together amount to nothing more than an acknowledgment of the existence of the debt. They neither expressly nor tacitly renounce the acquired prescription. A man may acknowledge his debt, and pay part of it, without renouncing the prescription acquired on it.”

From the above, it is clear that if the Supreme Court of the United States in the *Walsh v. Mayer* case had applied the law of Louisiana to the interpretation of the letter written in the state of Mississippi, its decision would have been for the defendant.

If the District Court of Arizona in the case at bar had followed the rule laid down by the Supreme Court of the United States in *Walsh v. Mayer*, supra, it would have interpreted the writing under the laws of the State of Arizona instead of under the law of Iowa, and its decision would have been in favor of appellant upon his demurrer.

INSUFFICIENCY OF INSTRUMENT TO TOLL STATUTE

Section 2068 of *Revised Code of Arizona* provides:

“Sec. 2068. ACKNOWLEDGMENT AFTER BAR MUST BE IN WRITING. When an action is barred by limitation, no acknowledgment of the justness of the claim made subsequent to the time it became due shall be admitted in evidence to take the case out of the operation of the law, unless such acknowledgment be in writing and signed by the party to be charged thereby.”

In the light of the statements contained in the writ-

ing dated January 1, 1927 (Tr. 12-17), any acknowledgment of the justness of the claim sued upon as a subsisting obligation cannot be inferred therefrom, for it appears from said writing that it was merely a communication from appellant to his co-maker of the notes advising him of the situation. He states therein that the notes had been taken over by the St. Ansgar Bank of Brush, Lubiens & Annis (Tr. 14); that appellant claimed that he did not owe the money (Tr. 14); that he had a good defense against the Bank (Tr. 14, 15), and that neither he nor the Calhoun Timber Company had received any consideration for the notes (Tr. 14); that the whole matter was a fraud and that the bank could not hold him for any amount (Tr. 14, 15, 63); that the settlement with the St. Ansgar Bank was made in order to avoid litigation (Tr. 17), and Hoval Smith and appellant agreed to a settlement with the understanding that all notes and obligations were included therein (Tr. 15); that no notice of any claim that these notes were unpaid was given to appellant until January 1, 1927 (Tr. 15). Appellant assigned as his reason for making the compromise settlement at the time that his health was poor; that Hoval Smith's affairs were involved; that times were hard and they felt they had better make an amicable settlement rather than seek their dues in court (Tr. 17).

It will thus be seen that appellant claimed in this instrument that he had made a settlement with the pledgee of the notes and that there was no liability any longer existing thereon; that he made the settlement because of the condition of his health and the desire to avoid litigation and that he had regarded the matter as being settled up to the time that appellee had called

upon him on January 1, 1927. Such a claim is directly contrary to the claim that the instrument was an acknowledgment of the justness of the claim as a subsisting obligation.

Nor is there a single expression in this writing that can be fairly construed into an expression of a willingness to pay the claims. Indeed, a reading thereof shows clearly that the purpose of the writing was to inform Hoval Smith of appellee's call upon appellant and the desire of both appellant and appellee that Hoval Smith should visit the bank, explain the situation to its officers and induce them to make a settlement with the appellee and to notify Smith that appellee had requested appellant not to make any payments to the bank on the notes that appellee and Smith owed the bank until they made an adjustment of this matter with appellee (Tr. 16). We cannot see how this could possibly be tortured into an expression of a willingness to pay the claim sued upon.

The explanation of the theory of both court and counsel for appellee is fully set forth in the court's memorandum ruling appearing in the transcript, pages 27 to 37 thereof, wherein it appears that the court rested its decision upon Section 11018 of the Code of Iowa, 1927, providing as follows:

“Causes of action founded on contract are revived by an admission in writing, signed by the party to be charged that the debt is unpaid, or by a like new promise to pay the same.”

And the court's reasons are stated in the following language:

“It is clear that the statement signed by Mr. Van Dyke constitutes, as to him, sufficient admission under the statute of Iowa, as interpreted by the courts of that state, to revive the debt, or to set the statute running anew on the notes on which action has been instituted in this court.”

From the above it clearly appears that the ruling upon the demurrer was due to the court's misunderstanding of the law applicable to the case, he having construed it as being governed by the law of Iowa and not by the law of the forum; that the court had in mind that all that was necessary under the Iowa statute was an admission that the debt had not been paid and that it did not matter that the maker of the note refused to pay the same. Indeed the court states in this opinion that such was the law of Iowa, and irrespective of appellant's reasons for refusing to pay the notes (Tr. 36), the instrument was sufficient under the law of that state.

Assuming for purpose of demurrer, that the letter was properly signed, we submit that it is not a sufficient instrument to cause the second amended complaint to be invulnerable to appellant's demurrer setting up the applicability of the Arizona statute of limitations. We will now attempt to demonstrate this by an analysis of the instrument, placing the statements contained therein relevant to the issue raised by the amended complaint and demurrer in logical order.

The purpose of appellant in writing it is disclosed in this extract:

“I am writing you to inform you of the situation. I request now that you feel obliged to Mr. Parker to ful-

fill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted, in other words I request that you, upon your return to Arizona, stop at St. Ansgar, see Mr. Salisbury and present this matter to him." (Tr. 16).

The statement to Parker referred to above is in the following excerpt:

"When Mr. Parker arrived I explained to him fully what my relationship to the bank was on these matters. I told him that we now have due and payable a note to them of \$10,000. He has notified me that we must not make this payment to the bank until his matter is adjusted." (Tr. 16)

Appellant then gives his reason for complying with the demand of appellee that he must not pay the \$10,000 due the bank until the bank settles with appellee.

"Mr. Parker would have levied upon this payment that we were about to make to the bank of St. Ansgar had I not stipulated to him as stated above." (Tr. 16).

So, far from acknowledging the justness of the claim as a subsisting obligation or expressing a willingness to pay the same, he states directly to the contrary:

"The notes were returned to the St. Ansgar Bank from the Gila Valley Bank of Miami, the bank to whom they were sent for collection. The refusal was based upon the grounds that I did not owe the money, that the stock had been turned over to Mr. Lubiens and that he owed the money

for the amount due, as I had paid my share in full." (Tr. 14).

and again :

"I refused to pay the same at the time because I had already paid the share due from me and later I paid a further sum of \$10,000 which was the original cash paid to Mr. Parker." (Tr. 14).

Further on he says :

"In my opinion at the time this matter was brought to my attention by you and by Mr. Salisbury, the whole matter was a fraud and that the bank could not hold me for any amount."

Appellant then proceeds to give his reasons for the compromise that he had entered into with Lubiens and the bank and for which he had given a note in the sum of \$10,000 to the bank. This is not one of the notes set up in the complaint, but is the one referred to on page 16 of the transcript, and which appellee had requested appellant not to pay the bank until the bank had settled with appellee.

"Time went on and at your insistence an agreement was reached between ourselves and the St. Ansgar Bank. In order to avoid litigation we agreed to a settlement between the bank and ourselves with the understanding that all notes and obligations were to be included within this settlement. No notice has ever been received by me from the Bank of St. Ansgar or Mr. Lubiens that they had not taken up these notes when they were refused payment by me for the cause stated above. I was under the impression that Mr. Lubiens and

bank, having been notified by me that it was their obligation, had assumed these notes and that they were still held by them and was part of the consideration upon which our settlement was based. What was my surprise to learn the other day upon the arrival of Mr. Parker that the bank, instead of including these notes in our settlement as I presumed was being done, had returned the notes to Mr. Parker unpaid. And now Mr. Parker has presented these notes to me for payment." (Tr. 15).

Further on in the writing he makes this statement:

"We were trying to seek a way out of our difficulties and the way out unloaded over a quarter of a million dollars of obligations upon myself, which, while it is unfair, was arranged in order to avoid troublesome litigation and a long period of contest and fighting."

And later on in the writing says:

"As you know, we discussed the matter and we decided that it would take a large sum of money and a long time to work out this litigation. My health was poor, your affairs were involved, times were hard and we felt that we might better make an amicable settlement rather than seek our dues in the court." (Tr. 17).

The other portions of the instrument are devoted to a history of the transaction and appellant's claim that he had done all that could reasonably be required of him; that he had paid all the money which had been paid in the transaction; and had paid the liabilities created by the transaction, in a sum in excess of \$100,000. The writing closes with a request to his co-de-

fendant to see Mr. Salisbury and get the matter clarified:

"It may be that Mr. Salisbury does not know about this situation, and if he does not, you should apprise him of it and clarify it as soon as possible."

It is clear from the portions stated that the appellant did not regard himself as the debtor of the appellee; that he felt that he had been defrauded in the transaction, and that to avoid litigation, and because his health was poor, he had made a compromise and settlement with the bank which had in its possession the notes that are now sued upon, and for which the appellee had received money from the bank.

Under none of the authorities that we have been able to find have such statements as are contained in this instrument been interpreted as expressive of an acknowledgment of the justness of a claim as a subsisting obligation, or as expressing a willingness to pay the claim.

Letters containing similar statements to those contained in the instrument dated January 1, 1927, have been often introduced into cases for the purpose of maintaining an action that has been barred by the statute of limitations of the various states in which such actions were brought. An examination of these cases will show that where the statutes of limitation are identical with, or similar to those of Arizona, Texas, California, Tennessee, Kentucky and various other states, transactions of this nature have been held insufficient for the purpose of avoiding the statute of

limitations or extending the time for the bringing of the action.

The question has been before the Supreme Court of the United States many times. As early as 1814 the question came before the Supreme Court of the United States in the case of *Clementson v. Williams*, 8 Cranch 693, L. Ed. 491. The court says:

“At the trial the plaintiff gave evidence tending to prove the partnership, and also to prove dealings of Clarke & Co. with the plaintiff. He then offered a witness who proved that he presented, in December preceding the trial, to John Clarke a certain account against the said John Clarke & Co., in favor of the plaintiff; and that said Clarke stated that the said account was due, and that he supposed it had been paid by the defendant, but had not paid it himself, and did not know of its being ever paid. And the witness to whom the said Clarke made the said acknowledgment produces in court the identical account so presented to said Clarke and acknowledged by him as aforesaid, which account is in the words and figures following, towit: ‘an account’, etc. ‘And the plaintiff’s counsel offered the contents of said account, and the acknowledgment of said Clarke, in evidence under the issue joined upon the plea of the statute of limitations, but the court decided that the said evidence so offered by the plaintiff of the contents of the said account, and of the acknowledgment of the same by the said Clarke, was not admissible evidence in this cause, and refused to admit the same’.”

On appeal to the Supreme Court of the United States the ruling of the Trial Court was sustained and Chief Justice Marshall in delivering the opinion of the court used the following language:

“The statute of limitations is entitled to the same respect with other statutes, and ought not to be explained away.

“In this case there is no promise, conditional or unconditional; but a simple acknowledgment. This acknowledgment goes to the original justice of the account; but this it not enough. The statute of limitations was not enacted to protect persons from claims fictitious in their origin, but from ancient claims, whether well or ill founded, which may have been discharged, but the evidence of discharge may be lost. It is not, then, sufficient to take the case out of the act, that the claim should be proved or be acknowledged to have been originally just; the acknowledgment must go to the fact that it is still due.

“*** The declaration of Clarke that he had not himself paid it, and that he did not know whether his partner had paid it or not, is no proof that the debt remains due, and therefore is not such as acknowledgment as will take the case out of the statute of limitations.”

In the case of *Bell v. Morrison*, et al, 1 Pet. 351, 7 L Ed. 174, we quote the following extracts from the letters relied upon, which letters were held insufficient:

“I know we are owing you and I am anxious it should be settled.”

Defendant then offered plaintiff \$7,000.00 in settlement.

“I wish whatever is due to you should be paid.”

“I have no doubt but your account can be adjusted; and that, more to your satisfaction than it ever can be from the result of your suit.”

“I wish your account settled; and I have no hesitation in saying, on your coming here, it will be done.”

“*** for the purpose of adjusting some of the affairs of the old Saline Company *** will be present, in order that a settlement may be effected, if possible, of the account which you set up against the company.”

“*** for the purpose of adjusting our old account with you.”

“I hope, therefore, you will be at Hopkinsville, for the purpose of enabling us to settle this old affair, to which, I am sure, all must be most anxious.”

“*** for the purpose of adjusting the old company account.”

The court cited from *Hardin's Reports*, 301, in *Bell v. Rowland's Administrators*, “that he had once owed the plaintiff, but he supposed his brother had paid it, in Virginia (the place where the original transaction took place, in the year 1785); and if his brother had not paid it, he owed it yet.” The court held that the acknowledgment was not sufficient to take the case out of the statute.

In the case of *Moore v. Bank of Columbia*, 6 Pet. 86, 8 L. Ed. 329, the defendant stated that he had paid all his debts "except one damn \$500.00 in the Bank of Columbia, which I can pay any time." The court held the same was insufficient.

In the case of *First National Bank of Park Rapids v. Pray*, Supra. the substance of the letters are set out. They are stronger than those in the instrument dated January 1, 1927, in the case at bar. This Honorable Court held they were insufficient.

In the case of *Salinas v. Wright*, 11 Tex. 572, there was a clear acknowledgment of the debt, together with a promise to pay as soon as circumstances would permit. The instrument was held insufficient.

In the case of *Rawlett v. Lane* (1875), 43 Tex. 274, there was an acknowledgment of the debt, coupled with this language: "which I promise to pay at the earliest possible moment." Acknowledgment was held insufficient.

In the case of *Krueger v. Krueger*, 76 Tex. 178, 12 S. W. 1004; 7 L R A 72, the letter relied upon is set up and the court holds it insufficient, though it contains a clear acknowledgment of the debt. The court cites *Coles v. Kelsey*, 47 A D 661, and also says:

"An acknowledgment which will take a debt out of the bar of the Statute of Limitations must be clear and unequivocal, and neither qualified by conditions nor limitations. *McDonald v. Grey*, 29 Tex. 83; *Dickinson v. Lott*, Id. 173; *Madox v. Humphries*, 24 Tex. 196; *Smith v. Fly*, Id. 353.

“Considered in the light of these authorities, we think it too clear for argument that the letter relied on by plaintiff to take the barred note out of the operation of the Statute of Limitations is not sufficient for that purpose. It does not contain a clear, unequivocal and unconditional acknowledgment of the justness of plaintiff’s demand, nor does it contain an expression of a willingness to pay. We think it settled by the authorities, *supra*, that the acknowledgment, to relieve the claim from the operation of the Statute of Limitations, must contain an unqualified admission of a just, subsisting indebtedness, and express a willingness to pay it. If the expression of a willingness to pay is coupled with conditions, it devolves upon the plaintiff to prove that the named conditions have taken place. *Leigh v. Linthecum*, 30 Tex. 103.”

The following California cases sustain the rule that an acknowledgment alone is not sufficient to bar the statute, that the writing must contain as well an expression of a willingness to pay the claim sued upon and that the action must be brought upon the new promise:

McCormick v. Brown, 36 Calif. 180

Chabot v. Tucker, 39 Calif. 434.

Curtis v. City of Sacramento (Calif.), 11 Pac. 748.

We think it evident that there is no clear, unequivocal acknowledgment of the claim in the instrument dated January 1, 1927, which is neither qualified by

conditions or limitations as a subsisting obligation, from which a willingness to pay could be implied. It will not do, according to all the authorities, to pick out some statement standing by itself and base an interpretation of the instrument upon it, totally disregarding the context.

It will be noted that while the instrument does not upon its face show that it was written at Miami, Arizona, it does appear therein that it was written at Miami, and the complaint shows that appellant's residence was at Miami, Arizona. Even if this did not appear, the rule that the pleading must be construed most strongly against the pleader would require that presumption.

The statute of limitations, *Section 2061*, being a statute of repose, should be enforced according to its intent and object; especially so in a case where, like this, the claim has been permitted to remain dormant for a period of more than eleven years.

The Supreme Court of the United States in the case of *Shepherd v. Thompson*, 30 L. Ed. 1156 at p. 1157, 122 U. S. 231, says:

“The principles of law by which this case is to be governed are clearly settled by a series of decisions of this court. The statute of limitations is to be upheld and enforced, not as resting only on a presumption of payment from lapse of time, but, according to its intent and object, as a statute of repose.”

This case is also important as disclosing what such an instrument must contain in order to be available to

the plaintiff in the instant case for the purpose of removing the bar of limitations. The court there says:

“If there be accompanying circumstances, which repel the presumption of a promise or intention to pay; if the expressions be equivocal, vague and indeterminate, leading to no certain conclusion, but at best to probable inferences, which may affect different minds in different ways, we think they ought not to go to a jury as evidence of a new promise to revive the cause of action.”

The consideration for the new agreement, and not the old debt, is the measure of plaintiff's right; the court in the above case saying:

“But the new promise, and not the old debt, is the measure of the creditor's right.”

The language of the Circuit Court of Appeals for the Fifth Circuit in *Shurter v. Ricker*, 62 F. (2) 489, at p. 493 expresses clearly the correct interpretation which should be placed upon an instrument such as the one relied on in the case at bar:

“A careful examination of these letters relied on to constitute a new promise convinces us that Mrs. Shurter never intended to, and never did, acknowledge that she owed a debt, or express a willingness to pay it. The most that can be said is that she expressed a desire to assist Ricker in his difficulties,”

and the court further says:

“It would be most unfair to single out a word or phrase, and ignore the context.”

The contention of the appellee in that case was that certain phrases in those letters constituted such an admission of the indebtedness as entitled the plaintiff to recover.

RULE ESTABLISHED BY ARIZONA DECISION

The issues in this case are governed by the statutes of Arizona, and particularly by *Sections 2061 and 2068* of the *Revised Code of Arizona, 1928*. These issues have been determined by the Supreme Court of Arizona in the case of *Steinfeld v. Marteny*, 40 Ariz. 116, where there was involved the sufficiency of a writing to toll the statute of limitations.

In that case the plaintiff had introduced several letters written and signed by the defendant to the Loan Company, the predecessor in interest of the plaintiff, and a financial statement to the Loan Company in the handwriting of the defendant and signed by him. The letters generally asked for leniency and expressed the hope that he would be able to pay from cattle sales and sales from his ranches enough to reduce or pay off what he owed. Witnesses stated, and they were not contradicted, that on August 8th, the date the financial statement was rendered, this note was not paid. The court states the question before it in this language:

“The question is as to whether this evidence shows such an acknowledgment of the justness of the debt evidenced by the note as is contemplated by the statute to stop and restart its running. The pertinent statute, section 2068, Revised Code of Arizona, 1928, reads as follows:” (quoting section, heretofore set up in this brief).

After stating that the exclusive method of tolling the statute is by written acknowledgment of the justness of the claim made subsequent to the accrual of the right of action and either before or after the bar, the court goes on to say that "loose and general expressions, which are merely casual, respecting acknowledgment of a debt, are insufficient," and cites *Thomas v. Carey*, 26 Colo. 485, 58 Pac. 1093.

The court then pointed out that *Section 2068* was taken from Texas, and that it is practically the same in wording and means exactly the same thing as Article 5705, *Vernon's Sayles' Tex. Civ. Sts.* 1914. It quotes from the case of *Coles v. Kelsey*, 2 Tex. 541, 47 Am. Dec. 661, which was decided in Texas long prior to the adoption of the statute by Arizona, as follows:

"That there must be an acknowledgment of the debt existing, and an expression of a willingness to pay it; both must concur; and acknowledgment of the debt is not sufficient; but there must be an expression of a willingness to pay."

The court further says that this seems to be the rule in other jurisdictions and quotes authorities. Referring particularly to the instruments introduced for the purpose of tolling the statute, the court says:

"It could hardly be said that he admitted the justness of each and every item of such indebtedness or a willingness to pay the whole thereof. If Marteny may be said to have included the note in the item of \$38,410 which he admitted owing the loan company, he did not thereby admit a willingness to pay the same."

The court held that the written instruments intro-

duced were insufficient as a matter of law to toll the statutes under the provisions of *Section 2068* of the *Revised Code of Arizona*, 1928. It adopted specifically the holding of the Texas Supreme Court in the case of *Coles v. Kelsey*, *Supra*.

That the decision of the Supreme Court of Arizona in the case of *Steinfeld v. Marteny*, *supra*, established a binding rule of law which should be applied by the Federal Court is clear from an examination of the facts as stated in the opinion in that case. As we have heretofore pointed out the interpretation of *Section 2068* was the important question before the court, properly raised and duly considered by the court, showing that the language used could in no sense be interpreted as *obiter dictum*. In case the question should be raised in this court, we submit that the rule which determines what is *obiter dictum* is stated by the Supreme Court of the United States in the case of *Union P. R. Co. v. Mason City & Ft. D. R. Co.*, 199 U. S. 160, 50 L. Ed. 134, as follows:

“Whenever a question fairly arises in the course of a trial, and there is a distinct decision of that question, the ruling of the court in respect thereto can, in no just sense, be called mere dictum.”

And the court also says in the opinion:

“Of course, where there are two grounds, upon either of which the judgment of the trial court can be rested, and the appellate court sustains both, the ruling of neither is *obiter*, but each is the judgment of the court, and of equal validity with the other.”

And in the leading case of *Florida Central R. R. Co. v. Schutte*, 103, U. S. 118; 26 L. Ed. 327, the court says:

“As to the first question, we deem it sufficient to say that the Supreme Court of Florida has distinctly decided that in the case of this Company, as well as the other, the statutory authority was complete. The point was directly made by the pleadings and as directly passed on by the court. Although the bill in the case was finally dismissed because it was not proved that any of the state bonds had been sold, the decision was in no just sense dictum. It cannot be said that a case is not authority on one point because, although that point was properly presented and decided in the regular course of the consideration of the cause, something else was found in the end which disposed of the whole matter. Here the precise question was properly presented, fully argued, and elaborately considered in the opinion. The decision on this question was as much a part of the judgment of the court as was that on any other of the several matters on which the case as a whole depended.”

The United States Circuit Court of Appeals for the First Circuit in the case of *New York C. & H. R. R. Co. v. Price*, 159 Fed. 330, says:

“We cannot escape the force of the case of *Byrnes v. Boston & M. R. Co.* 181 Mass. 322, 63 N. E. 897, by disregarding as dictum the expression ‘the omission to fence does not render a railroad company liable except as against adjoining owners.’ Assuming that the facts were such that

no obligation to fence existed under the terms of the Massachusetts statute, and that the case so held, nevertheless, as an additional reason for its decision, the court construed the statute, and held that the obligations imposed by it were solely in favor of adjoining owners." (Citing numerous U. S. Supreme Court decisions upon the question of what is dictum).

And the court also says:

"Nor is it material that the state court ascertains the meaning and scope of the statute as well as its validity by pursuing a different rule of construction from what we recognize."

It will thus be seen that not only was the interpretation of the Supreme Court of Texas adopted as a part of the statutes on its enactment, but it was also specifically adopted in the case of *Steinfeld v. Marteny*, supra.

The case of *Coles v. Kelsey*, supra, is also important in that it is based upon the case of *Bell v. Morrison*, 1 Pet. 360; 7 L. Ed. 174, and therefore was an adoption of the rule laid down by the Supreme Court of the United States prior to the adoption of the Texas statute. The *Coles v. Kelsey* case also distinctly holds that when an instrument is relied upon to toll the statute of limitations, the action must be brought thereon as a new cause of action and not a revival of the old one, and we believe this to be the law of Arizona. In the case at bar the complaint is based upon the theory that the cause of action is upon the original notes. In this his complaint is consistent, for such is the law of Iowa, but as we have pointed out that law

has no application to a foreign jurisdiction. Many other cases uphold the doctrine of *Coles v. Kelsey*, supra.

In strict harmony with the decision of the Arizona Supreme Court in *Steinfeld v. Marteny*, supra, are the decisions of the Washington Supreme Court.

A late case is that of *Beckman v. Alaska Dredging Co.*, 40 P. (2) 117, where the issue was as to the sufficiency of an acknowledgment. That court, in adopting the rule laid down by the Supreme Court of the United States in *Bell v. Morrison*, supra (which it cited in an earlier Washington case as one of its authorities), refers particularly to the earlier cases in Washington, holding that where the instrument relied upon as an acknowledgment is executed after the statute has already run, the cause of action rests wholly on the written instrument and the action is upon the new promise contained therein; and that a mere acknowledgment of the debt or the expression of an intention to pay is not sufficient to revive the debt.

The court quotes from the case of *Tucker v. Guerrier*, 170, Wash. 165, 15 P. (2d) 936, 937, as follows:

“If the cause of action is to be revived, it must be based wholly on the written statement. A new promise must be clear, distinct, and unequivocal, as well as certain and unambiguous. The mere acknowledgment of a debt, or the expression of an intention to pay, is not sufficient to revive the debt. (Citing cases).

“ ‘But where the acknowledgment is made after the statute has already run, the action must be

upon the new agreement; consequently it is in the nature of an original obligation and should be strictly construed. The debt being barred, it is possible that one may acknowledge it without intending to pay it. If this distinction is kept in mind most of the apparent inconsistencies in the cases will be cleared up' *Griffin v. Lear*, 123, Wash. 191, 212 P. 271, 275."

Directly in point is the case of *Tucker v. Guerrier*, supra, where the court says:

"It is at once apparent that the writing relied upon purports to be nothing more than 'a correct statement of the Meredith Timber Account'. There is nowhere anything in the nature of a promise to pay or from which a promise to pay may be inferred. The most that can be said of it is that it is an acknowledgment that such an account actually existed in the past."

AMENDED COMPLAINT STATES VALID DEFENSE OF APPELLANT, WHICH IS NOT AVOIDED BY PLEADING

The demurrer of the appellant should have been sustained for the further reasons:

While a plaintiff ordinarily is not required to anticipate in his complaint any defense that may be made by the defendant, there are times when it is necessary for him to do so, as in the instant case where it was necessary that plaintiff plead the instrument he relied upon to toll the statute of limitations, which statute had been pleaded by appellant's demurrer to the original complaint and the demurrer had been

sustained. Appellee, for the purpose of rendering his complaint invulnerable to further demurrer upon the ground of the statute of limitation, pleaded the writing dated January 1, 1927, and in so doing he necessarily pleaded the defenses contained therein, namely:

That plaintiff appellee had pledged the notes sued upon to the Bank of St. Ansgar (Tr. 14); that during the time the notes were in the possession of the bank as pledgee appellant and his co-defendant made a settlement with the bank, which included the notes in question (Tr. 15); that settlement was made with the bank in order to avoid litigation (Tr. 17), and no claim that they were not settled was ever made after this settlement upon the notes until January 1, 1927 (Tr. 15). As we show elsewhere in this brief, the pledgee being the owner of the legal title as against the makers, any settlement made with such pledgee was binding upon the plaintiff.

It would have been sufficient for the purpose of tolling the statute of limitation, had plaintiff pleaded in avoidance of the defensive matter stated in said writing sufficient facts to avoid the same. This he did not do, and as the amended complaint stands he pleaded a confession and failed to plead an avoidance.

It was incumbent upon the plaintiff to show in his amended complaint that he had acquired the notes from the bank by endorsement before maturity and in the regular course of business, thus disclosing that he was a holder in due course. In no other manner could he avoid the effect of the settlement made with the bank and in no other manner could he avoid the de-

fense which he assumed to state in his amended complaint.

When the bank became the pledgee of the notes it became as to the makers thereof the absolute owner.

“The pledgee of a negotiable instrument is the conditional owner of the paper as between himself and the pledgor, but as to the rest of the world, including the maker, he is absolute owner. (Citing cases.)”

Babbitt Bros. T. Co. v. First National Bank, 32 Ariz. 588, at p. 593.

The pledgor did not show any transfer back to himself for this pledge to the bank. In order for the appellee to recover he would have to be a holder in due course, and this he could not be unless the notes were transferred back to him by the bank by an endorsement in the regular course of business prior to maturity and for value.

The Supreme Court of the United States said in the case of *Central Trust Co. v. First National Bank*, 25 L. Ed. 876, 101 U. S. 68:

“The note was not endorsed to the Trust Company, and it was not, therefore, taken in the usual course of business by that mode of transfer in which negotiable paper is usually transferred. Had it been endorsed by the Cook County Bank, it may be that the Trust Company would hold it, unaffected by any equities between the maker and the payee. But instead of an endorsement, the President of the Cook County Bank merely guaranteed its payment, and handed it over with this guaranty to the Trust Company. ***

“In no commercial sense is this an endorsement, and probably was not intended as such***

“And if it could be treated as an assignment of the note, it would not cut off the defense of the maker. Such an effect results only from a transfer according to the law merchant; that is, from an endorsement. An assignee stands in the place of his assignor, and takes simply an assignor’s rights; but an endorsement creates a new and collateral contract.”

The settlement with the pledgee having been shown, the duty of the appellee, as is laid down by the Supreme Court of Arizona in *Lentz v. Landers*, 21 Ariz. at p. 125, was to show

“(1) That he became the holder of the note before it was overdue and without notice that it had been previously dishonored, if such was the fact; (2) that he took it in good faith and for value; and (3) that at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it.”

And of course, this requires that the pleading should allege these facts in order that the proof might be admitted.

There is no allegation in the amended complaint that the notes were transferred to the appellee by endorsement. The requirements constituting a holder in due course are defined by the negotiable instrument law of Arizona as follows:

“Sec. 2376. HOLDER IN DUE COURSE DE-

FINED. A holder in due course is a holder who has taken the instrument under the following conditions: That the instrument is complete and regular upon its face; that he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such was the fact; that he took it in good faith and for value, and that at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it." *Revised Code of Arizona*, 1928.

See also: *Arnett v. Reid*, 24 Ariz. 410; 210 Pac. 688.

Section 2381 of the Arizona Code provides:

"** When it is shown that the title of any person who has negotiated the instrument was defective, the burden is on the holder to prove that he, or some person under whom he claims, acquired the title as a holder in due course. **"

See also: *Peoples National Bank v. Taylor*, 17 Ariz. 215, 149 Pac. 763.

The note being payable to the order of the payee, it could only be negotiated by the endorsement of the holder, completed by delivery. The endorsement must be on the instrument itself or upon a paper attached thereto. *Section 2362*, *Revised Code of Arizona*.

If an endorsement is qualified it constitutes the endorser a mere assignee of the title to the instrument.

The law is well defined that under such circumstances a plaintiff cannot recover. The rule is laid down by Chancellor Kent in the case of *Kane v. Blood-*

good, 11 A. D. 417, which was a case quite analogous to the instant case, as follows:

“A pure plea of the statute is no bar where there are circumstances stated in the bill, which take the case out of it, as an offer to account, an acknowledgment of the debt, a promise to pay, or to do what was right and just, or a promise to pay when assets came to hand, unless the plea be accompanied with an averment or answer destroying the force of these circumstances: *Beames' Pleas*, 169, and the cases of *Pomfret v. Windsor*, 2 Ves. 485; *Andrews v. Brown*, Prec. in Ch. 385; *Bailie v. Sibbald*, 15 Ves. jun. 485; and *Galway v. Earl of Barrymore*, there cited; and see, also, 3 Atk. 70” (at p. 439).

The rule has also been stated in the case of *Western Union Telegraph Co. v. Yopst*, 3 L. R. A. (OS) 224, where the court says:

“Where a plaintiff undertakes to plead and avoid a defense his complaint will be bad if he does not avoid the defense he assumes to state. If he states a valid defense without avoiding it, he destroys his cause of action. He is not bound to anticipate a defense; but if he undertakes to do so, and goes no further than to state a defense, he nullifies his complaint. *Locke v. Catlett*, 96 Ind. 291, 294; *Keepfer v. Force*, 86 Ind. 84; *Reynolds v. Copeland*, 71 Ind. 422.” (At p. 227).

In the case of *Bowlus v. Phoenix Ins. Co.*, 20 L. R. A. (OS) 400, the court says:

“It is well settled that while a party is not always bound to anticipate a defense it is often

proper for him to do so. A plaintiff may in many instances elect to set forth all the facts and submit the entire case upon questions of law. Our code system is closely akin to the equity practice, and, as is well known, it was proper under that practice to anticipate and avoid a defense. The decided cases recognize the rule that defenses may, in the proper cases, be anticipated, but they declare that where the pleader attempts to anticipate a defense he must effectively avoid it or his complaint will be bad. (Citing cases).

“The case before us is one in which the plaintiff could not with safety avoid showing the reason why the application did not correctly state the facts respecting the incumbrance since the nature of his cause of action and the provisions of his contract made such a statement necessary, not merely proper. The statements under immediate consideration being material and proper, were confessed, and, as they were not avoided, the first paragraph of the answer is bad. (Citing cases).”

See also: the U. S. Supreme Court decision in the case of *Mercantile Nat'l Bank v. Carpenter*, *supra*.

We submit, therefore, that under the authorities hereinbefore cited, appellant's demurrer should have been sustained.

SPECIFICATIONS OF ERROR NOS. III AND IV

(Assignment of Error No. III, Tr. 230-231, and
Assignment of Error No. IV, Tr. 231-232)

The court erred in denying the motion of appellant

made at the close of appellee's case and the motion made at the conclusion of all of the evidence. These motions being identical, we will cover the argument on both here. The motion is as follows:

“Mr. Charles Rawlins: We move the court to find for the defendant upon all of the facts, for the reason that plaintiff has wholly failed to establish his cause of action; *wholly failed to prove that the cause of action is not barred by the statute of limitations pled in our answer, and wholly failed to prove that the defendant ever signed any instrument in writing acknowledging the justness of the debt or that he would pay it, at any time since the date of the note.*” (Tr. 210).

The court took the motion made by appellant at the close of appellee's case under consideration, saying that he would not rule upon it until all of the testimony was in. (Tr. 210). He also took the motion made by appellant at the close of all of the evidence under consideration (Tr. 57, 217). He denied both motions on the 15th day of September, 1934, and saved an exception for appellant-defendant (Tr. 58).

The record discloses that appellee introduced into evidence the carbon copy of the instrument set up in his amended complaint, addressed to Hoval A. Smith, and dated January 1, 1927 (Plaintiff's Exhibit No. 4), a photostatic copy of which appears in the Transcript of Record at pages 233 to 235, inclusive. It is an incomplete instrument in that it shows no signature in the space left for that purpose, a blank space equivalent to four single-space typewritten lines have

been left for the written signature after the words "Yours very truly" and under said blank space the typewritten words "Cleve W. Van Dyke" appears (Tr. 235) as follows:

"Yours very truly

CLEVE W. VAN DYKE"

The original notes sued upon were not produced in court, nor was any proper foundation laid for the introduction of secondary evidence as to these notes.

We think clearly that the record discloses that appellant had the right to have the case dismissed for want of evidence to support any judgment in favor of appellee, and it also shows that appellee had made a complete settlement of the disputed claim with the then holder of the notes upon which this action is based.

(1) *The instrument of January 1, 1927, does not contain any acknowledgment of the justness of the claim as a subsisting obligation, nor express any willingness upon the part of appellant to pay the same.*

Since this has been fully argued under Specifications of Errors Nos. 1 and 2 herein at pages 44-81. We will not repeat same here, but will ask that the court refer thereto.

(2) *The parties placed a practical construction upon the instrument in question at the time it was dictated different from that set up in the*

amended complaint and now attempted to be placed thereon by appellee.

The instrument must be interpreted in the light of the circumstances under which it was written. These circumstances are stated by the plaintiff in his testimony as follows:

“I saw Cleve W. Van Dyke on or about January 1, 1927, in his office at Miami * * * and he called up Hoval Smith, and thereafter advised me that Hoval Smith, the last he heard was that he was in New York, but he would be back in Washington probably in three or four days, so Van Dyke wrote a letter to Hoval Smith in my presence; *he dictated the letter to his stenographer.* He gave me a copy of that. * * * *I saw it written, and Mr. Van Dyke, when she finished, took the copy and walked over to me and handed it to me.* (Tr. 174-175) (Italics ours).

* * *

“That is a carbon copy of the letter dictated to the stenographer and written in my presence, and which Mr. Van Dyke handed to me. (Italics ours).

(Referring to Plf. Ex. No. 4 for identification).

“That is absolutely the letter that he wrote at that time and gave me a copy. I went to Miami to see Mr. Van Dyke and see if I could get payment of those notes; that is how it happened that the defendant Van Dyke wrote this letter.”

* * *

“Q. What was said about him writing this

letter, if anything by him to you, before writing it?"

"A. Why, he had told me that he supposed these notes were paid just the same as he did in that letter. He says 'Parker, I settled with the St. Ansgar Bank, Hoval Smith and I; Hoval transacted the deal, and all notes would be cleaned up', and he says 'I understood that those notes were cleaned up; that the bank still had them'. 'Well', I says 'you see they don't have them', so then after talking over our affairs, then he called up Hoval and got Mrs. Smith and found Hoval was out, and then he dictated that letter to get it off to Hoval, *and Mr. Van Dyke agreed with me he would not pay any of those notes at the St. Ansgar Bank until they took up my two notes.*" (Tr. 176-177) (Italics ours).

The theory of the amended complaint as expressed therein is that defendant "acknowledged the justness of the claim of plaintiff" (Tr. 12, 21) and in support of that theory the writing dated January 1, 1927, was set up in haec verba, and the case was tried on that theory. It will be noted from the testimony of the appellee, above quoted, that his interpretation of said letter was entirely different. He states that the letter was written to Hoval A. Smith because appellant had agreed with appellee that appellant would not take up the notes owing the St. Ansgar Bank by appellant and Smith, and being in the amount of \$10,000.00 (Tr. 183), until that bank took up appellee's two notes which had been included in the

settlement (Tr. 176-177) made with the St. Ansgar Bank and Smith; and that

“Mr. Van Dyke agreed with me that he would not pay any of those notes at the St. Ansgar Bank until they took up my two notes.”

The appellant, too, upon the witness stand agrees with appellee's interpretation as to their understanding of the meaning of the writing and the purpose for which it was written. He says:

“* * * and we got into the car and drove to Phoenix, and discussed the letter and the contents on the way over there, and after the discussion, we said we would not use it; the better way would be to have him meet Mr. Smith personally, and *so we arranged to telegraph him next day*, on the second, and Mr. Smith was in New York, and I did so telegraph, as I instructed my secretary to telegraph him to meet Mr. Parker in Chicago.” (Tr. 198-199) (Italics ours).

“Mr. Parker stated that he had been in discussion on the subject, and we visited along and discussed this thing, and we reached the point of where something should be done. I didn't know, just as he said, I didn't know those notes had not been taken up by the St. Ansgar Bank, but we made a settlement with the St. Ansgar Bank and assumed that those notes would be included in that situation, *and there was a payment to be made by us to the bank*, and he asked for a settlement from Mr. Smith along those lines, and so we, in our conversation, we were reaching out for an expression of our ideas, and we sat down

and called the stenographer—" (Tr. 190) (*Italics ours*).

Certainly the parties to the transaction best understood their intention and the meaning of the contents of the letter.

In the light of the circumstances surrounding that interview, namely that Mr. Parker had called upon Mr. Van Dyke in regard to the notes in question, and that Mr. Van Dyke had told Mr. Parker that he had settled for the notes with the St. Ansgar Bank with whom they were hypothicated to secure a loan of Mr. Parker's, and the demand then made upon Mr. Van Dyke by Mr. Parker, as appears from the letter itself, that Mr. Van Dyke should not pay any more money to the St. Ansgar Bank until the St. Ansgar Bank should pay Parker, there can be no doubt that the agreement reached between them was exactly as stated by Mr. Parker in his testimony quoted above.

An examination of the instrument itself bears out this interpretation, for this language is used in the letter:

"I explained to him fully what my relationship to the bank was on these matters. I told him that we now have due and payable a note to them of \$10,000.00. He has notified me that we must not make this payment to the bank until his matter is adjusted.

"I am writing you to inform you of the situation. I request now that you feel obligated to Mr. Parker to fulfill my statement to him that we will not pay this note to the Bank of St. Ansgar until the matter is adjusted. **** Mr. Park-

er would have levied upon this payment that we were about to make to the Bank of St. Ansgar had I not stipulated to him as stated above.***

“It may be that Mr. Salisbury does not know about this stipulation and if he does not, you should apprise him of it and clarify it as soon as possible.” (Tr. 16-17).

We think it clear that the rule laid down in the case of *Crunnden-Martin Mfg. Co. v. Christy*, 22 Ariz. 254, 196 Pac. 454, governs the construction of this writing. We cite from that case as follows:

“He must have realized that the court and opposing counsel understood from his language that he was consenting to the terms so plainly stated, and the rule of law, as well as ethics, is that a party will be held to that meaning which he knew the other party to the contract supposed his words to bear if his language may be understood in more senses than one. In other words, whatever is expected by one party to a contract and known to be so expected by the other is to be deemed a part or condition of the contract.”

The rule is stated with more fullness by the California Supreme Court in the case of *Mitau v. Roddan*, 84 Pac. 145, where the court says:

“We do not find it necessary, however, to enter into any consideration of the construction to be placed by us on the contract in this particular, because it appears from the findings of the court, which were unchallenged, that the parties themselves placed a practical construction on it, which is controlling.

“**** the construction placed upon it by both parties to it was that Mebius & Drescher had the right of inspection. This was a practical construction placed upon the contract by the parties themselves, which renders it immaterial to consider what might be the literal construction of its terms. Parties to a contract have a right to place such an interpretation upon its terms as they see fit, even when such an interpretation is apparently contrary to the ordinary meaning of its provisions. And in all cases where the terms of their contract, or the language they employ, raises a question of doubtful construction, and it appears that the parties themselves have practically interpreted their contract, the courts will follow that practical construction. It is to be assumed that parties to a contract best know what was meant by its terms, and are the least liable to be mistaken as to its intention; that each party is alert to his own interests, and to insistence on his rights, and that whatever is done by the parties contemporaneously with the execution of the contract is done under its terms as they understood and intended it should be. Parties are far less liable to have been mistaken as to the intention of their contract during the period while harmonious and practical construction reflects that intention, than they are when subsequent differences have impelled them to resort to law, and one of them then seeks a construction at variance with the practical construction they have placed upon it. The law, however, recognizes the practical construction of a contract as

the best evidence of what was intended by its provisions.”

(3) *Neither the original, nor the carbon copy thereof was signed as required by statute, Section 2068, Supra. and the typewritten name thereon was not adopted by appellant, nor is there any proof of any intention on his part to adopt the same.*

An examination of the photostatic copy of the instrument dated January 1, 1927 (Plaintiff's Exhibit No. 4, Tr. 233-235), together with the evidence (Tr. 191) shows that it was never signed by the appellant, and discloses that it was merely a tentative letter dictated by appellant to his stenographer (Tr. 193) and by her returned to him for signature in the event he approved of it after it was written (Tr. 191). The evidence shows that he did not authorize her to sign it (Tr. 191) nor did he dictate the signature to her (Tr. 197).

The direct question was asked of appellee by his own counsel, as follows:

“Q. You heard the entire letter dictated?

A. I did.

Q. Did he dictate any signature to the stenographer?

A. I could not say.” Tr. 189).

And the appellant testified as follows:

*“I did not tell the stenographer it ought to be signed * * * * I did not sign the original letter. I did not mail it to Hoval A. Smith, because when*

we went to Phoenix we agreed instead of taking this letter, sending this letter to Mr. Smith, having him go to St. Ansgar and discuss this affair, that it would be better to have him meet Mr. Parker in Chicago.” (Tr. 191).

The fact that the original of the carbon copy was never signed nor mailed, and that instead thereof, there was, by agreement of the parties, a telegram substituted therefor, Tr. 198-199, is strongly indicative of an intention not to sign the letter, not to make it a completed instrument, and not to adopt the typewritten signature thereon.

There is no evidence in the record that after the same was dictated, it was ever read by appellant. That the instrument as handed to him is not of itself sufficient to constitute an adoption of the signature. Adoption is an affirmative act and there would have to be an intention to adopt the signature expressed in some form; nor is there any evidence in the record which might be construed as evidence of such an intention. Certainly the mere handing of a tentative instrument, the original of which was never signed nor mailed, should not be so construed. The instrument was not admissible in evidence under Sec. 2068, *Rev. Code of Arizona*, 1928, *supra*.

The Court will, we presume, take judicial notice of the modern practice of the business world in reference to dictated correspondence, namely the typing of the name of the person dictating below a space left for his signature, so that if the dictated instrument meets with his approval he will then sign the same in ink above the typewritten name. The reason

for this custom is two-fold: First, that there may be a record of the name of the person who dictated and signed the letter; and second, so that the correspondent receiving the original of the same may have no difficulty in ascertaining the name of the person by whom the original letter was signed.

We have not been able to find any case where the carbon copy of such a letter, with the name appearing in typewriting in the form that it does in plaintiff's Exhibit No. 4, has been held a sufficient signature to permit the admission of the instrument as a primary or original document for the purpose of avoiding the effect of the statute of frauds.

An instrument similar to that in the instant case was under consideration by the Fourth Circuit Court of Appeals in the case of *Richmond Stand. Steel Spike & Iron Co. v. Chesterfield Coal Co.*, 160 Fed. 832. There the contract was signed in typewriting: "The Chesterfield Coal Company", under which were two blank lines to be signed by the proper officers of the corporation, but who had never signed same. The question before the court was the sufficiency of the instrument to permit its admission for the purpose of avoiding the effect of the statute of frauds, and is stated by the court as follows:

"The point primarily involved, and which if adverse to the plaintiff in error is decisive of the controversy, is whether a contract signed by one of the parties sought to be bound thereby, with the name of the other party written in type by the draftsman without authority at the time, can, by subsequent action of the party whose name

was signed in type, become by adoption a signed contract so as to be effectual to avoid the Virginia statute of frauds, which requires a contract not to be performed within a year to be in writing and signed by the contracting parties. The paper writing claimed by the plaintiff in error in this case to be a contract in compliance with the Virginia statute setting out the terms of the contract and signed by the parties was type written in the office of John S. Lear & Co., coal brokers, in Richmond, Va. The name of the Chesterfield Coal Company was typewritten at the time of drafting this paper at the bottom of the draft by the typewriter, and immediately, in this condition, sent to the plaintiff in error and properly signed in its name by the vice president and general manager of the company. The paper thus signed was then transmitted to the office of the defendant in error in New York, where it remained without further signature or signing by the defendant." (Page 833 of opinion).

The contention of the plaintiff was thus stated by the court:

"The contention of the plaintiff in this case is that although the Chesterfield Coal Company did not actually sign the contract in the first instance, and that the name of the Chesterfield Coal Company was placed there by the typewriter without authority, yet, after the plaintiff had executed the paper as a contract and the same had gone into the possession of the defendant and was held by it, the defendant had in the mean-

time proceeded to supply the plaintiff with coal precisely as set out in the terms of the draft; that the defendant thus accepted the contract, recognized the signing as its act, became bound by the terms of the draft, and thereby adopted the name which had theretofore been typewritten as the name and signature of the said company; and that the typewritten draft then became a written contract signed by the parties so as to be effectual to avoid the Virginia statute of frauds." (p. 834).

Both the trial court and the Circuit Court of Appeals held that the contract had not been signed by the defendant or its duly authorized agent and, hence, under the statute of frauds, no recovery could be had thereon. The court said:

"But the contract in this condition was only partially executed, and could not be treated as completed until the president or other properly authorized officer or agent of the defendant *had signed also in the blank left by the typewriter for that purpose*. It cannot therefore, in our opinion, be reasonably insisted that the contract was in writing and signed by the parties as required by the laws of the state of Virginia." (Italics ours) (p. 834).

The contention of the plaintiff in error in that case was that, although the signing and signature was unauthorized in the outset, there was a subsequent adoption which rendered the contract complete, but the court held that the facts and circumstances in connec-

tion with the alleged ontract were not sufficient to lay the foundation for that view.

It will be noted that the paper involved in that case had been transmitted to the office of the defendant in error in New York, where it remained without further signature or signing by the defendant. It will be further noted that there was correspondence between the parties subsequent to the filing of the paper by the defendant, and there were further circumstances found by the court as follows:

“After the contract was signed by plaintiff and had been transmitted to New York with the name of the defendant company thereto written in type, there is evidence tending to show that the defendant company commenced to ship cargoes of coal to plaintiff in quantities and at prices as set out in the terms of the said draft, and thus continued until about July 21, 1902, when plaintiff complained to defendant that the coal being shipped was not of the character and quality required by the contract. Thereupon the defendant refused further to ship coal to plaintiff on the ground that it had made no contract with plaintiff as claimed.” (p. 833).

It will be seen from that case, that the circumstances there proven to show the adoption or ratification of the instrument in question were much stronger than those proven in the instant case, and yet they were held insufficient.

We have traced this case through Shepherd's Citations, and these do not show that it has ever been reversed or modified.

(4) *There was no proof that appellee was the holder in due course or was even the owner and holder of the notes sued upon, either at the time the action was filed or at the time of the trial; and there was no presumption that the appellee was the owner and holder of the notes.*

We have in our argument under Specification of Errors Nos. 1 and 2, at pages 44-81 shown the insufficiency of the complaint to state a cause of action where the appropriate statute of limitations has been pleaded by demurrer as against the complaint, and we have heretofore under this specification pointed out the practical construction placed upon the instrument by the parties to this action showing that neither the appellant nor appellee interpreted the instrument to be an expression of a willingness to pay the claim sued upon nor to consider it an acknowledgment of the justness of the claim as a subsisting obligation.

We now desire to call the court's attention to the fact that neither in the instrument itself nor in the evidence in the case was it established that the appellee was the owner and holder of the notes much less was he a bona fide holder for value. This being an action at law and in addition to the special defenses pleaded by appellant-defendant, a general demurrer having been pleaded, it was incumbent upon the plaintiff below to prove his case by competent evidence, and included in such proof there would have to be proof that he was the owner and holder of the instrument sued upon; that he had acquired same by endorsement before maturity in the usual course of

business, and that he had given value received therefor. In appellee's testimony at the trial he testified that he had borrowed money on the notes from the St. Ansgar Bank of Brush, Lubiens & Annis (Tr. 147); that he received them back later from the bank but does not disclose when he received them. They were also seen by the witness Carson P. Parker when they were forwarded to the St. Ansgar Bank of Brush, Lubiens & Annis and this witness testified that they remained at the bank for a period of more than a year (Tr. 157), and Annie E. Parker, wife of appellee testifies that she saw the notes when they were sent to the bank at St. Ansgar and saw them again when they were returned from the St. Ansgar Bank (Tr. 159).

The uncontradicted evidence shows that while these notes were in the possession of the bank as pledgee that a settlement was made of them by Mr. Smith and appellant.

It was after this settlement that the notes were re-returned to the appellee (Tr. 15). No demand was made upon the appellant for the payment of these notes subsequent to the date of settlement thereof until January 1, 1927, more than seven years after the last of them became due. (Tr. 15). The inference to be drawn from this conduct of appellee and the bank is clear that each of them regarded the notes as having been settled as is expressed in the writing dated January 1, 1927, which was dictated in the presence of appellee who heard every word of it as it was dictated. Neither in the pleadings of the appellee, nor in the testimony or other evidence in the

case was any attempt made to prove that this settlement was not made as claimed by the appellant, nor was there any allegation in the complaint showing that the appellee was a holder in due course, an allegation, we think, which was necessary because of the fact that his own complaint disclosed a settlement made. But if it could be said that it was not necessary to plead that appellee was an owner in due course, certainly the burden of proof was upon him to prove this after it had been shown by the evidence in the case that the settlement had been made and that therefore when the bank transferred the notes to him it did not have good title to them, and that he took them subject to all the equities in favor of the makers thereof. Therefore we say that there was first, a failure of proof as to the plaintiff-appellee being a holder in due course, or a holder at all, and second, that it affirmatively appears that the notes were settled while in the hands of the pledgee, and third, that the instrument in writing dated January 1, 1927, disclosing these facts established its insufficiency to avoid the bar of the statute of limitations pleaded, and the facts set up in the pleading are proven by competent evidence as appears from the record. The authorities upon these points will be found cited under our argument under Specification of Errors Nos. 1 and 2 herein pages 44-81.

There is another feature of the evidence that appears to us to have great significance. The appellee was a witness on his own behalf. Three times he was called to the stand by his own attorneys. Not once did he testify that he was the owner or holder of the

notes. Not once did he testify that they had been endorsed over to him before maturity or otherwise, or that he did not know that a settlement of them had been made with the pledgee nor to any of the circumstances under which they came into his possession again after he had pledged them to the bank.

Appellee was represented by counsel of the highest standing—able, astute, experienced lawyers, *yet not one question did they direct to him* for the purpose of ascertaining if he was the owner and holder of the notes, or had acquired them from the bank under circumstances that would make him a holder in due course.

The evidence is insufficient to establish any basic fact upon which a presumption could be drawn that the appellee was the owner and holder of the notes at the time of the filing of the action, or at the time of the trial. Stating it in the form most favorable to appellee, it discloses that the notes were in his possession on January 1, 1927, but there is no testimony to the effect that he was the owner and holder thereof at that time. If possession of the notes at that time was sufficient to justify the presumption that he was then the owner and holder thereof, it would not justify a presumption based upon that presumption that he was at the time of the trial owner and holder of the notes sued upon, much less the presumption that he was a holder in due course for value before maturity and obtained them by endorsement in the regular course of business without notice of the equity of the appellant. This would be piling presumption upon presumption, contrary to all of the authorities.

In the case of *Musson, et al v. Lake*, 11 L. Ed. 967, 4 How. 262, the question arose as to the affect of inferior evidence and a presumption founded upon a presumption, and the proposition was made that the presentment of a protest being made by a public officer "the presumption of the law is, that they do their duty; and therefore, if the protest were defective, and liable to the objection urged against it, this presumption of law would cover all such defects." And the court in answering this contention says: "This is substituting presumption for proof, in violation of all the rules of evidence."

In the case of *United States v. Ross*, 23 L. Ed. 707, 92 U. S. 281, it was also attempted to establish a presumption that a public officer had done his duty and from that draw another presumption, but the court says:

"Nowhere is the presumption held to be a substitute for proof of an independent and material fact."

The court also says in speaking of the inference sought to be drawn from the facts in that case:

"They are not legitimate inferences, even to establish a fact, much less are they presumptions of law. They are inferences from inferences; presumptions resting on the basis of another presumption. Such a mode of arriving at a conclusion of fact is generally, if not universally, inadmissible. No inference of fact or of law is reliable, drawn from premises which are uncertain. Whenever circumstantial evidence is relied upon to prove a fact, the circumstances must be proved,

and not themselves presumed. (Citing authorities)”

There being no testimony as to the basic fact of ownership at the time the notes were presented to appellant, presumption could not be piled upon presumption for the purpose of showing that appellee was the holder for value and in due course at the time of the trial.

Manning v. Mutual Life Ins. Co., 25 L. Ed. 761, 100 U. S. 693.

United States v. Carr, 33 L. Ed. 483; 132 U. S. 644.

United States v. Ross, *supra*.

Musson, et al v. Lake, *supra*.

(5) *The depositions introduced furnish no foundation for the introduction of secondary evidence.*

We are covering the argument on this point under Specification of Errors No. VI and VII herein, at pages 105-106 so will not discuss this at this point, but will ask the court to consider the argument under the specifications referred to.

(6) *The evidence shows that the notes had been pledged to the St. Ansgar Bank by appellee, and there is no evidence that the bank had not been paid or that it was not still the owner and holder of them, and the evidence affirmatively shows that they were paid to the bank.*

This proposition is clearly established by the record as we have heretofore pointed out, at pages 96-97 of our brief.

(7) *Appellee failed to prove any endorsement of said notes to him from the St. Ansgar Bank.*

The original notes were not introduced into evidence, and the copies as set up in the amended complaint did not show nor was there any allegation in the amended complaint of any endorsement other than the purported endorsement of a payment thereon. If they were true copies then there was no endorsement of the notes from the St. Ansgar Bank to appellee, but appellee's testimony clearly establishes that the bank became the pledgee of the notes. (Tr. 147).

Therefore in order to maintain this action they would have to be endorsed over to appellee by the bank in the regular course of business before maturity and without notice that they had been dishonored; otherwise the defense of a settlement with the bank is good as against appellee. *Central Trust Co. v. First National Bank*, 25 L. Ed. 876; 101 U. S. 68.

(8) *Appellee failed to prove any facts which would avoid the confessions he made in his complaint.*

A reference to the record will disclose that there was not even an attempt made to prove that the settlement with the bank had not been made exactly as was contended in the writing of January 1, 1927, and as was shown by the testimony of appellee, as hereinbefore stated (Brief, pages 85-86 and it was incumbent upon him to so prove (Brief, pages 75-81)

(9) *Appellee is charged with knowledge of contents of said writing.*

Appellee had carefully preserved the carbon copy of the writing from January 1, 1927, to the date of the trial, on the 2nd day of June, 1933,—a period of six and a half years. During that time he had full opportunity to investigate and refute the defense that was set up in that letter. From an early date in 1931 to the time of the trial it was in the hands of appellee's attorneys,—able and competent men—with every opportunity to ascertain the facts and to obtain evidence to refute the statements contained in said instrument. No attempt was made by the introduction of any evidence to refute the contention of appellant, which contention was sustained by the uncontradicted evidence.

(10) *Appellee having appeared on witness stand cannot rely upon inferior testimony to establish facts not testified to by him.*

Plaintiff had a peculiar knowledge of the transactions between himself and the Bank of St. Ansgar. He himself testified to the pledge of the notes (Tr. 147), but not having testified to the manner in which they came into his possession subsequent to the pledge, he cannot rely upon inferior testimony to establish these facts, for the production of the inferior testimony when he had an opportunity to give better evidence creates the presumption that the evidence which he did not give, would be more favorable to the appellant than that which he did introduce. This proposition is thoroughly covered by the following two cases from the Supreme Court of the United States:

Runkle v. Burnham, 38 L. Ed. 694; 153 U. S. 216.

Kirby v. Tallmadge, 40 L. Ed. 463; 160 U. S. 379.

Musson v. Lake, *supra*.

SPECIFICATION OF ERROR NO. V

(Assignment of Error No. V., Tr. 232-237)

The court erred in admitting in evidence in behalf of plaintiff-appellee Plaintiff's Exhibit No. 4 (Tr. 233-235), over the objection and exception of defendant-appellant.

As heretofore stated the original instrument of the writing of January 1, 1927, was not produced, but a carbon copy there was admitted in evidence as an original document, which was unsigned. There was no proof that the original had ever been signed, but on the contrary the evidence showed that it was never signed and never mailed. (Brief, p. 90-91).

Since we have covered this matter in this brief, we will not re-iterate same here, but will ask that the Court consider the following memorandum of references to the argument in this brief on this point, as if the same were set out in full here.

The instrument was not admissible in evidence because it was not signed by the appellant as required by the statutes of Arizona. (Brief, pages 90-95).

The instrument was not admissible in evidence because the law of the forum requires that such an instrument shall contain an admission of the justness of the claim as a subsisting obligation and an expression of a willingness to pay. (Brief, pages 69-75).

The instrument was not admissible in evidence be-

cause the law of the forum governs in all matters of limitation and evidence. (Brief, pages 48-54)

SPECIFICATIONS OF ERROR NOS. VI AND VII

(Assignment of Error No. VI, Tr. 237-238 and
Assignment of Error No. VII, Tr. 238-239)

The court erred in permitting the introduction in evidence of that portion of the amended complaint which set up the copies of the notes sued upon.

The original notes were not introduced in evidence. That portion of the amended complaint setting up said notes was admitted as secondary evidence of the contents of the original notes.

No sufficient foundation was laid for the introduction of this secondary evidence as to the contents of said notes. Depositions were introduced into evidence (Tr. 148-162), but neither these depositions, nor any other evidence, show that deponents ever saw the complaint which is the basis of this action. The most that can be said, is that they saw a purported copy of the complaint, which is unidentified, and there is no testimony that deponents ever saw the original complaint, or a certified copy thereof, or a compared copy thereof. Nor is there any evidence that deponents ever saw the notes sued upon. The most that can be said is that they saw certain notes copies of which were set up in the unidentified complaint. Their testimony consequently is purest hearsay.

Furthermore there was no sufficient showing of a search for said instruments as laying a foundation for the introduction of the copies of the notes.

The testimony indicates that after the death of Mr. Foster, the original attorney for appellee in this matter, the notes passed into the hands of his surviving wife (Tr. 165-170). Her deposition was not taken, nor is there in the record any evidence that she was ever called upon to produce the notes. The presumption, therefore, is that the original notes are still in her possession.

It was vital to appellant to have the original notes produced. The confessions set up in the amended complaint show that a transfer of these notes was made to the St. Ansger Bank and a settlement made with said bank by appellant while the notes were in the possession of the bank—a good defense to appellee's action which was not avoided by any allegation of the complaint or any evidence in the record. The original notes would show the endorsement back from the bank after Parker had pledged them, if they were so endorsed; and if such endorsement did not appear on the notes, appellee was not a holder in due course and could not recover. There was a defective title in plaintiff which could only be overcome by allegations and evidence showing him to be a holder in due course, obtaining the notes from the bank by means of an endorsement in due course prior to their dishonor, and for an adequate consideration.

SPECIFICATION OF ERROR NO. VIII

(Assignment of Error No. VIII, Tr. 240-247)

The court erred in finding judgment for plaintiff-appellee herein, in that the judgment of the court is not sustained by the Special Findings of Fact.

The Special Findings of Fact taken as a whole do not sustain the judgment of the court.

Finding of Fact No. 5 (Tr. 103-108) and Finding of Fact No. 12 (Tr. 111) are to the effect that appellant acknowledged the justness of the claim upon said promissory notes in the written instrument of January 1, 1927. This portion of said findings is nullified by reason of the fact that the written instrument is set up in *haec verba* (Tr. 103-108) and the instrument shows upon its face that there was no acknowledgment of the justness of the claim, and even if there was an acknowledgment, it would still be insufficient to toll the statute of limitations as it does not acknowledge the claim as a subsisting obligation or express a willingness to pay the same. We have argued this fully on pages 48-75 of our brief, and will therefor not repeat same.

As we have pointed out in our brief, at pages 48 - 54, the instrument must be interpreted according to the law of the forum, and under the law of the forum the instrument in question is not a sufficient acknowledgment.

Furthermore, it will be noted from the record, that upon the objection of appellant to Findings of Fact Nos. 5 and 12 in the Proposed Findings of Fact (Tr. 59-72) the court ordered that the words "and expressed a willingness to pay the same" should be stricken (Tr. 100) and that the words "executed at Miami, Arizona," be added after the word "instrument" in line four thereof (Tr. 100) in the Special Findings of Fact No. 5 (Tr. 103-108) and No. 12 (Tr. 111). From this it is clear that the finding of

the court is equivalent to a finding that appellant did not express a willingness to pay.

The court in its Findings of Fact No. 4 (Tr. 103) and 11 (Tr. 111) merely found that appellee was the owner and holder of the notes sued upon. This is not equivalent to a finding that he was a holder thereof in due course. Under the decision of the Supreme Court of the United States such a finding is insufficient under the issues presented. Upon this point we refer to our argument at pages 108-109 herein.

If plaintiff's amended complaint stated a cause of action at all, it would have to rest upon that portion of paragraph IX of the first cause of action (Tr. 19) and paragraph VIII of the second cause of action (Tr. 22) that plaintiff was the owner and holder of said notes. The issue was directly made thereon by defendant-appellant by his general denial in his Amended Answer, as follows:

“Defendant denies each and every allegation, matter and thing contained in plaintiff's complaint” (Par. II, Tr. 47).

This was a sufficient answer to raise the issue under the rule laid down by the Supreme Court of the United States in *Smith v. Sac County* (Iowa), 20 L. Ed. 102; 78 U. S. 139 where under a like situation it was held that a like finding of fact was insufficient to sustain a judgment for the plaintiff and in that case a judgment was rendered for the defendant. The court in holding for defendant (appellee) in that case used the following language:

“It must be taken, then, that plaintiff did not show that he was a holder for value. There is

neither finding nor evidence that he gave value, and the statement that he became the holder by transfer before maturity, does not imply that he was a purchaser in any sense or received them on any consideration whatever.”

This decision of the Supreme Court of the United States has been followed in many subsequent cases.

It must be taken then that appellee herein did not show that he was a holder for value. There is no finding that he gave value or paid any consideration therefor.

Findings of Fact No. 6 (Tr. 109) and No. 13 (Tr. 111) are not sufficient to establish that the appellant adopted his name written in typewriting at the foot of said instrument as his signature and did thereby sign the same, for the reason that said findings of fact purport to state the evidentiary facts upon which this conclusion is based, and these are insufficient to establish such conclusion, in that as a whole these evidentiary facts do not disclose by word or act any intention on the part of appellant to adopt the typewritten name as his signature.

We submit therefore, that the Court's Special Findings of Fact are insufficient to sustain its judgment.

SPECIFICATIONS OF ERROR NO. IX AND X

(Assignment of Error No. IX, Tr. 247, and Assignment of Error No. X, Tr. 248)

The court erred in making its Finding of Fact No. 4 (Tr. 103) and Finding of Fact No. 11 (Tr. 111), and particularly that portion of said findings that

the plaintiff was and is still the owner and holder of the said notes.

These findings are not supported by any evidence whatsoever. We have argued this at length at pages 75-81 of our brief, and will not repeat same here, but adopt the argument there stated.

SPECIFICATIONS OF ERROR NO. XI

(Assignment of Error No. XI, Tr. 248-249)

The court erred in making its Finding of Fact No. 5 that after the maturity of said note the defendant-appellant acknowledged the justness of the claim of plaintiff in the written instrument of January 1, 1927. That instrument is entirely insufficient to sustain this finding. We have heretofore presented our argument as to the insufficiency of the instrument at pages 48-75 herein.

SPECIFICATIONS OF ERRORS NO. XII AND XIII

(Assignment of Error No. XII, Tr. 249-250, and
Assignment of Error No. XIII, Tr. 250)

The court erred in making its Finding of Fact No. 6 (Tr. 108-109) and Finding of Fact No. XIII (Tr. 111-112) that the defendant-appellant intended to adopt and did adopt his name written in typewriting at the foot of said instrument as his signature, and did thereby sign the same.

There is no evidence to sustain such findings of fact. On pages 90-95 hereof we have argued this fully, and we ask the Court to consider our argument thereon the same as if set up here again.

SPECIFICATION OF ERROR NO. XIV

(Assignment of Error No. XIV, Tr. 250)

The court error in making its Finding of Fact No. 16 (Tr. 112) that the said promissory notes were lost prior to the commencement of the suit, and that the same could not be found after diligent search and inquiry, but that the evidence establishes the form and language of said notes.

We submit that there is no evidence whatsoever to support this finding. We have covered this in our brief at pages 105-106 herein.

SPECIFICATIONS OF ERROR NO. XV

(Assignment of Error No. XV, Tr. 251)

The court erred in its Conclusion of Law No. 1 (Tr. 113) that the said promissory notes are not, nor is either of them, barred by the statute of limitations of the state of Iowa or the State of Arizona, but that the same are now valid and subsisting obligations.

The statutes of Iowa have no extra-territorial effect, and the causes of action are barred by the statute of limitations of the State of Arizona, which has heretofore been fully covered in this brief at pages 48-75 and we will not repeat same here. But we do wish to point out here that the court erroneously assumed that the law of Iowa governed this action. The court evidently overlooked the rule laid down by the Supreme Court of the United States that the law of the forum governs in matters of limitation and evidence.

SPECIFICATION OF ERROR NO. XVI

(Assignment of Error No. XVI, Tr. 251)

The court erred in its Conclusion of Law No. 2 (Tr. 113) to the effect that the instrument dated January 1, 1927, is a sufficient instrument under the statutes of Iowa to arrest the running of the statute of limitations and to start the period of limitations running anew under the law of the state of Iowa.

We think the ruling is erroneous in that the law of the state of Iowa has no extra territorial effect, and that the sufficiency of the instrument is to be determined by the statutes of Arizona; particularly by Sec. 2068, Revised Code Arizona, 1928. This is particularly true of an instrument executed within this state. We know of no decision holding to the contrary.

As we have presented our authorities on this question at pages 48-75 herein, we will not here repeat them.

SPECIFICATION OF ERROR NO XVII

(Assignment of Error No. XVII, Tr. 252)

The court erred in its Conclusion of Law No. 2 (Tr. 113) that the instrument dated January 1st, 1927, is a sufficient memorandum in writing to arrest the running of the statute of limitations and start the period of limitations anew under the laws of the State of Arizona.

We have heretofore at pages 54-75 covered the point that this instrument was not a sufficient memorandum in writing to arrest the running of the

statutes of limitations and start the period of limitations anew under the laws of the State of Arizona. Furthermore, as we have heretofore pointed out, at page 107 herein, the court expressly deleted the words "expressed a willingness to pay" from the proposed findings of fact, and this is a necessary requirement to toll the statute.

SPECIFICATION OF ERROR NO XVIII

(Assignment of Error No. XVIII, Tr. 252-253)

The court erred in its Conclusion of Law No. 4, (Tr. 113-114) that the absence of the defendant from the State of Arizona prevented the operation of the statute of limitations during the period of such absences, and that neither of said notes was barred by limitations.

We submit that this has no bearing upon the issues in the case. There is no evidence, whatsoever, that the appellant was absent from the state, other than for a few months in the year 1927 (Tr. 139). As this claim had been barred for many years prior to that time, his absence during that period could have no effect upon the operation of the statute. The court's conclusion of law is based upon the erroneous assumption that the case is governed by the statutes of limitations of the state of Iowa.

SPECIFICATION OF ERROR NO. XIX

(Assignment of Error No. XIX, Tr. 153)

The court erred in its Conclusion of Law No. 5 (Tr. 114) that plaintiff was entitled to judgment as set forth therein.

We submit that the judgment is contrary to the laws and statutes of the state of Arizona; is contrary to the evidence in the case, and is neither supported by the findings of fact made by the court, nor by the evidence in the case. As we have thoroughly argued all the points upon which this conclusion of law is based, we hereby adopt our previous argument, and respectfully request that the court consider the preceding argument as applicable to this assignment of error.

CONCLUSION

In conclusion, we submit that appellant is entitled to have the judgment of the trial court reversed and a judgment rendered by this Honorable Court in favor of appellant, or a mandate to the United States District Court of Arizona to enter a judgment on behalf of defendant, for the following reasons:

(a) Because it affirmatively appears from the pleadings in the cause that the alleged causes of action in appellee's amended complaint were barred by the statute of limitations of the State of Arizona; and that the writing dated January 1, 1927, and incorporated in haec verba in appellee's complaint, is not a sufficient instrument under the statutes of Arizona to arrest the running of the statute of limitations as pleaded by appellant in his demurrer.

(b) For the reason that the trial court erred in denying the appellant's motion for judgment made at the end of the testimony in behalf of plaintiff, and renewed by appellant at the close of all the evidence; and because there was no evidence to sustain a judg-

ment for the plaintiff upon either cause of action stated in his amended complaint.

(c) For the reason that it affirmatively appeared from the evidence that plaintiff's alleged causes of action as set up in his amended complaint, were barred by the provisions of the statute of limitations of the State of Arizona, as contained in Subdivision 3, Section 2061, of the 1928 civil code, which defense was set up by defendant-appellant both in his demurrers and in his answer to the merit of plaintiff's amended complaint.

(d) And for the further reason that the writing dated January 1, 1927, was not a sufficient compliance with Section 2068 of the 1928 Civil Code of Arizona to arrest the running of the statute of limitations pleaded by appellant, even if the same were signed by appellant.

(e) For the reason that the uncontradicted evidence shows conclusively that the writing dated January 1, 1927, was never signed by appellant, nor were the words, "CLEVE W. VAN DYKE", appearing in typewriting below the blank space left after the words "Yours very truly", ever intended to be adopted by appellant; and they were never adopted by appellant as his signature. Therefore, Section 2068 of the 1928 Civil Code of Arizona, being a statute of frauds, the signature is insufficient to entitle the writing to be admitted in evidence.

(f) For the reason that there was no evidence

that appellee was the owner and holder of the notes sued on in plaintiff's amended complaint, at the time that the action was brought, or at the time that the judgment was rendered therein; and that there was no proof or any evidence from which such a presumption could be drawn.

(g) For the reason that the evidence discloses that the parties put a practical construction upon the writing dated January 1, 1927, which was wholly at variance with the theory of plaintiff's amended complaint, and with the theory upon which the trial court made its findings of fact and rendered its judgment; and that said practical construction was binding upon the parties to this action.

(h) For the reason that it affirmatively appears from the evidence that appellee was not a holder in due course of the notes sued upon, and that appellant had a valid defense to the amended complaint, based upon fraud in the inception of the contract which was the consideration of the notes, and upon the accord and satisfaction in settlement of the disputed liability thereon with the then holder of the notes, who did not transfer these notes to appellee until after they had been dishonored; and for that reason, appellee was charged with full knowledge that there was a valid defense existing against them at the time that he obtained possession of them from the Lubiens, etc. Bank of St. Ansgar.

(i) For the reason that this defense appears in the writing dated January 1, 1927, and is wholly in-

consistent with the claim of appellee that appellant acknowledged the justness of the claim sued upon, or expressed any willingness to pay the same.

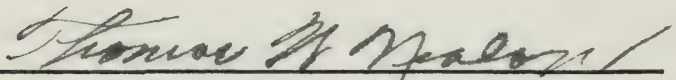
Respectfully submitted,



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1870-1871

1871-1872

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In the United States
Circuit Court of Appeals
For the Ninth Circuit.

Cleve W. Van Dyke,

Appellant,

vs.

Bascom Parker,

Appellee.

BRIEF OF APPELLEE.

Appeal From the United States District Court
for the District of Arizona.

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FILED

DEC - 9 1935

AUL P. O'BRIEN,

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No. 7879.

In the United States
Circuit Court of Appeals
For the Ninth Circuit.

Cleve W. Van Dyke,

Appellant,

vs.

Bascom Parker,

Appellee.

BRIEF OF APPELLEE.

In discussing the questions involved in this case, the appellee will follow in a general way the several points presented by the appellant under appropriate headings. Some of the questions which the appellant seeks to introduce are not regarded by us as involved in the case at all, but both as a matter of caution and of courtesy to the Court and opposing counsel, they will be briefly discussed.

I.

Nature of the Case.

The appellee accepts generally appellant's statement headed NATURE OF THE CASE as correctly setting forth the various proceedings in the court below. The opinion of the District Court upon the demurrer to the second amended complaint speaks for itself, however, as to the reason upon which that court based its order overruling the demurrer as to the defendant Van Dyke.

II.

Statement of Facts.

We cannot, however, in all respects concede the correctness of appellant's STATEMENT OF FACTS. This statement is made rather upon the contentions of the appellant than an unbiased statement of the facts shown by the evidence. It assumes the correctness of the testimony of Mr. Van Dyke and other witnesses for the defendants, even though there is objection that the lower court disregarded them when they were in conflict with the evidence introduced by the plaintiff. It assumes as facts the truth of the statements, matters or otherwise in the long letter written by Mr. Van Dyke on January 1st, 1927. The statement that the Calhoun Timber Company was one of the promotions of the appellee, though wholly unimportant, rests upon the statement contained in that letter; that Van Dyke, Smith and Lubiens were each to pay his pro rata of the purchase price, is also based upon the testimony of Mr. Van Dyke which is contrary to the testimony of Mr. Parker, and which presumably was not accepted by the Court. Again, however, this is unimportant: The notes were signed by Van Dyke and Smith, who alone were liable for their payment. If there were any oral understandings varying the plain terms of those notes, they could not be shown in evidence and could not affect the question of liability under the familiar rule that an agreement in writing may not be varied by parol evidence. The statement that the appellant and his co-defendant Smith made a settlement with the St. Ansgar Bank is based entirely upon the testimony of Mr. Van Dyke and assumes the correctness of that testimony. There is no evidence that Mr. Parker knew anything about any such settlement or had anything to do with it. It certainly

could not bind him in the absence of at least knowledge on his part that it had been made and his acquiescence therein.

The facts involved in this case are few and comparatively simple. Mr. Parker sold his stock in the Calhoun Timber Company and took in part payment thereof three notes of \$5,000.00 each signed by Cleve W. Van Dyke and Hoval A. Smith. One of these notes was paid, the other two were not, nor has either of them ever been paid except that \$1,000.00 in two payments of \$500.00 each was made upon each of the notes, as testified to by Mr. Parker, and as found as a fact by the Court. About January 1st, 1927, Mr. Parker appeared at Miami, Arizona, where Mr. Van Dyke resided. On that day Mr. Van Dyke called in his secretary and dictated an instrument which has been designated in the record as Exhibit 4. The signature of Mr. Van Dyke was typewritten in that instrument, and a carbon copy, as it is ordinarily called, though we contend that it is a duplicate original, was handed to Mr. Parker by Mr. Van Dyke. Later, in April, 1927, Mr. Van Dyke and Mr. Parker met in the City of Los Angeles, California, and discussed the matter of payment of these notes. This conversation, as Mr. Parker testified, led to the payment of \$1,000.00 on each of the notes. The parties differ as to what was said and done at this conversation and other matters connected with it. The finding is in favor of the version stated by Mr. Parker. Later the notes were sent to Mr. Graham Foster, an attorney practicing in Globe, Arizona, who subsequently brought suit upon them. Demurrer to the original complaint was filed and later sustained, and leave given to amend. The second amended complaint was the plaintiff's pleading upon which the case was set

for trial. This pleading asserted that Mr. Van Dyke had been without the limits of the State of Arizona for a sufficient time to prevent the statute of limitations running, assuming that it was tolled by the instrument of January 1st, 1927. The notes themselves were in the possession of Mr. Foster when the suit was commenced and were copied into both the original and amended pleadings. Subsequent to the commencement of the action Mr. Foster died, and the present counsel for the appellee were thereafter employed. Evidence is conclusive that the notes were lost and that the copies as set forth in the pleadings were correct copies. The allegation that Mr. Van Dyke had been without the State of Arizona long enough to prevent the statute of limitations running, if it was tolled by the instrument above referred to, was established and found by the Court.

Mr. Parker testified that he borrowed money on these notes, that he subsequently received them back later from the bank and that he afterwards kept them until he sent them to Mr. Foster, through his attorney, Mr. Proctor. Just when they were returned by the bank to him does not appear, but he had them in his possession for at least some time prior to their being forwarded to Mr. Foster. Mr. Proctor, his attorney, had them for some time before they were so forwarded. [Tr. pp. 147-149.] The Court has found that the notes were lost since the commencement of the action and could not be found after diligent search and inquiry; that the evidence establishes the form and language of the notes as set forth in the pleadings and in the findings. [Tr. pp. 112-113.] The Court also finds that at the time of the commencement of this action the plaintiff was and still is the owner and holder of the notes and that they have not been paid, except in the sum of \$1,000.00 on each of the notes. [Tr. p. 111.]

III. Issues.

We are not able to agree with counsel for the appellant as to the issues for determination. (Appellant's Brief, pp. 34-35.) The second, third, sixth, seventh and eighth are involved. The additional issue may be stated as whether the instrument of January 1st, 1927, was sufficient to arrest the running of the statute of limitations of Iowa. The questions as we see them are simply these: Is the instrument of January 1st, 1927, sufficient to toll the statute of limitations, whether of Arizona or of Iowa? To our minds that is the one question in the case and everything else is merged in or involved in that one question. If Exhibit 4 is sufficient to toll whatever statute of limitations is applicable, the judgment was properly rendered for the plaintiff; if not, it should have been rendered for the defendant.

IV. The Demurrer.

Counsel devote several pages of their brief, citing many authorities, to the effect that the question of limitation may be raised by demurrer. Undoubtedly, if the complaint shows on its face that the cause of action is barred by limitation, that question may be raised and determined upon demurrer. We have never contended otherwise, and could not in view of the well settled rules on the subject. The question whether the Court erred in overruling the demurrer brings us back to the question whether the memorandum or writing of January 1st, 1927, is sufficient to toll the statute and that is discussed elsewhere.

V.

The Ownership of the Notes.

We cannot appreciate the argument of our learned friends based upon the question that they submit as an issue whether the appellee was the holder in due course of the promissory notes sued upon. If by that is meant that he is entitled to the protection afforded an innocent purchaser under the law merchant we concede, of course, that he is not.

This suit is between the original parties to the note. As stated by counsel, the notes do not seem to have been endorsed by anybody. They were neither endorsed to the St. Ansgar Bank nor endorsed back by that bank. If they were pledged as collateral security, the pledge was merely by delivery. Whatever the rights of the bank may have been, or whatever the terms of any arrangement between Mr. Parker and the bank may have been, when the notes were returned to Mr. Parker, they stood as they were originally, subject to all defenses that might be made by the maker and subject only to those. The appellee does not claim to be an innocent purchaser in the sense that term is used in the law merchant or the uniform negotiable instruments law. He claims the same rights, no more and no less, he would have had if the notes had never passed out of his possession. So we shall take no time to discuss any question concerning a purchaser in due course, or similar questions that are sometimes involved in suits on negotiable instruments.

The finding of the Court [Tr. p. 103] was that at the time of the commencement of this action the plaintiff was and still is the owner and holder of the notes sued upon. The evidence was without contradiction that at the time of the commencement of the action, and for some time before, Mr. Parker was in possession of

these notes, they having been returned to him from the St. Ansgar Bank. Whether he had paid the debt which he owed that bank, or whether it returned them under some arrangement between itself and Mr. Parker, or whether they were simply handed back to him, does not appear and makes no possible difference. Possession is *prima facie* evidence of ownership, and the plaintiff being shown to have been in possession of them there was sufficient evidence of ownership to warrant the finding of the Court that he was the owner.

It will be noted that this action was not brought upon lost instruments in the ordinary sense that that expression is used. The instruments at the time of the commencement of the action had been in the possession of Mr. Parker. He had delivered them to Mr. Proctor, his attorney in Elkhart, Indiana. By that gentleman they had been forwarded to Mr. Foster, who, after some slight delay, brought suit upon them. At the time of the commencement of this action, and for at least some time thereafter, they were in the possession of the plaintiff through his attorney, Mr. Foster. Owing to Mr. Foster's unfortunate death they could not be found. The endorsement of the notes was not necessary since the plaintiff was the original payee and the redelivery by the bank, even assuming that title had passed, re-vested in Mr. Parker the ownership of the notes. Being in Mr. Parker's possession at the time suit was commenced, that fact constitutes *prima facie* evidence of his ownership. The fact that they were subsequently lost imposed no duty upon the plaintiff, except to prove their loss and the form and language of them, and when that was done, the presumption arising from possession was as effective as if the notes had been physically produced.

VI.

The Loss of the Notes.

Mr. James R. Mallot, a practicing lawyer of Globe, Arizona, testified that he knew Mr. Foster in his lifetime. That after Mr. Foster's death, Mrs. Foster got in touch with him. He was requested by her to look over deceased's files and take over his business. In response to this request, he took over the files in the case of Parker against Van Dyke and Smith. Later he turned the file over to the present counsel for the appellee, and, upon observing that the notes were missing from the file, called Mrs. Foster's attention to this, and the two of them made every effort to locate the missing notes. There is nothing in the testimony to indicate that the notes were delivered to Mrs. Foster, or taken away by her. The loss is shown as completely as it would be possible under the circumstances, and the search was sufficient to satisfy any reasonable mind that they could not be found. Indeed, the apparent lack of confidence of appellant's counsel in their contention that the foundation was not made is shown by the finding of fact that they requested the Court to make as follows:

“X. That both of the promissory notes set up in the plaintiff's second amended complaint were lost after the commencement of this action and prior to the filing of his answer therein by the defendant, Cleve W. Van Dyke, and same cannot be found after diligent search and inquiry, but that the evidence establishes the form and language of said notes as set forth in plaintiff's second amended complaint.” [Tr. p. 94.]

VII.

**The Notes as Copied in the Second Amended
Complaint Were Correct Copies.**

The testimony of Mr. Parker [Tr. pp. 145-146], of Mr. Parker [Tr. pp. 149-150], the testimony of Carson P. Parker [Tr. pp. 156-157], the testimony of Mrs. Annie E. Parker, wife of the plaintiff [Tr. pp. 158-159], the testimony of Mary Riener, stenographer employed by Mr. Proctor [Tr. p. 160], the testimony of Miss Chloe Dinehart [Tr. pp. 161-162], the testimony of Miss Frances Giacom, the stenographer who was employed by Mr. Foster and who copied the notes into the complaint [Tr. p. 163], and finally, the testimony of Mr. Van Dyke himself that he had read the notes set out in the second amended complaint on pages 2 and 8 and that he and Mr. Smith signed the notes in Chicago, Illinois, on October 20th, 1917 [Tr. p. 139], ought to be sufficient to establish the correctness of the copies as set forth in the original complaint and the second amended complaint. In fact, the finding that they were not correct copies would be contrary to all the evidence on the subject, including the testimony of the appellant himself.

VIII.

**The Complaint Does Not State a Defense and Then
Fail to Avoid It.**

The second amended complaint sets forth the letter or instrument of Mr. Van Dyke, not as a statement of the facts contained in it, but as an admission of the justness of the debt and as being an instrument of such a character as to stop the running of the statute of limitations. There was no statement of any fact with reference to the various things inserted by Mr. Van Dyke in the instrument. The making of the instrument and its terms, so far as it related to the justness of the debt, was pleaded to avoid the effect of the statute of limitations. There was so little merit in this idea that a defense was pleaded in the complaint and then not negatived that attention is not even called in the appellant's brief in the answer that was actually made in this case. Indeed, if Mr. Van Dyke had pleaded in his answer the exact language of his letter, it would not have constituted a defense. While he wrote at considerable length, all he said was that after the first note was paid, the other two notes were taken over by the St. Ansgar Bank and Mr. Lubiens, and later on one of them was sent for collection by the St. Ansgar Bank and that he refused to pay the same at the time because he had already paid the share due from him. His refusal to pay the note was based upon the ground that he did not owe the money in that the stock had been turned over to Mr. Lubiens and that he owed the money for the amount due. Later on in his letter, he says that an agreement was reached between ourselves (meaning himself and Mr. Smith and the St. Ansgar Bank) and that in order to avoid litigation, he (meaning him-

self and Smith) agreed to a settlement between the bank and ourselves with the understanding that all notes and obligations were to be included within this settlement. Absent any agreement to this so-called settlement by Mr. Parker, and the evidence does not even show that he had any knowledge of such transactions and was certainly not a party of them, these matters would be no defense whatever to a suit on the notes by Mr. Parker. But the whole purpose of pleading the instrument in full is to show its character as tolling the statute of limitations and for no other purpose whatever.

Of course, cases may be cited under the old equity practice where it was necessary, if an affirmative defense is pleaded, for the complainant to amend his bill setting up the assertion of a defense and not denying or avoiding it, but that, of course, is not this kind of a case.

We have examined the authorities cited by the appellants in support of their contention that when the complaint assumes to state a valid defense, it might avoid the confession (App. Br., page 42).

The first case cited is not available. The case of *Western Union v. Yopst*, 3 L. R. A. (O. S.) 224, reported also in 118 Ind, 248, 20 N. E. 222, was brought against a telegraph company to recover a penalty for a breach of duty. A statute of Indiana provided that telegrams should not be received or delivered on Sunday, nor contract for the transmission of the message on Sunday unless in the case of necessity. The effect of this statute was to make the receipt or delivery of a telegram on Sunday, and any contract based on the supposed duty of the telegraph company invalid unless the necessity for sending or receiving the telegram was re-

ceived on Sunday and did not allege any necessity for receiving it on that day. In such case it was held that plaintiff must show, in order to make a valid contract for the delivery of the message, whether it came within the statutory exception of being a matter of necessity, and unless he did so, his complaint was bad.

The case of *Bowlus v. Phoenix Insurance Company*, 133 Ind. 106, 32 N. E. 319, was based upon an insurance policy in which, without going into the details of a somewhat lengthy opinion, it may be said that where the complaint showed a violation of the terms of the policy, it must also negative the existence of such violation or confess and avoid it.

The last case cited, *National Bank v. Carpenter*, 101 U. S. 567, was an action in equity where it was held that it was necessary to plead matters in avoidance of the statute of limitations when, from the allegations of the bill, it would appear to have run, or to void the defense of laches when that was to be inferred from the language of the bill.

Clearly these authorities have no application to the present case. The only defense that could be claimed to be asserted in the complaint, was the bar of the statute of limitations and in the second amended complaint the instrument of January 1st, 1927, was pleaded as tolling the statute and doing away with what might otherwise be a fatal objection to the complaint on account of the lapse of time since the notes became due. The only question that can arise is the question of the sufficiency of the instrument of January 1st, 1927, to toll the statute of limitations, and that brings the consideration back to that question which will be discussed in its proper place.

We call attention to the answer of the defendant, both as showing that no question of this kind was in the mind of the defendants' counsel, or that the question now attempted to be presented has any merit. The answer as finally submitted, pleads to each cause of action the four-year statute of limitations of Arizona, followed by a general denial, then alleges that the defendant Hoval A. Smith and R. C. Lubiens were engaged in the promotion and organization of a corporation for the purpose of operating certain properties in the State of Florida, that they agreed to purchase the interest of plaintiff in said corporation, a part of the consideration being the three notes for \$5,000.00 each, two of which are involved in this case, and then alleges that the plaintiff Smith, Lubiens and the defendant agreed with each other that each of the purchasers would pay the sum of \$5,000.00, with interest, and no more, and that the plaintiff agreed to accept payment accordingly. That Lubiens declined, for a given reason, to sign the notes, and thereupon Van Dyke and Smith signed all three of them, one of which was thereafter paid, and then pleads the alleged settlement of any claim based on the two unpaid notes for the sum of \$1,000.00 each. There was not a particle of evidence in the record that the plaintiff Parker ever entered into such arrangement, or even knew of it. Even treating Mr. Van Dyke's letter as evidence, it would simply show that he, Smith and Lubiens made arrangements between themselves, of which Parker had no knowledge, and to which he did not consent. Of course, the general denial in the answer amounted to very little under the facts shown by the evidence. Certainly it did not deny the execution of the notes because not verified in accordance with the Arizona statutes, and because the defendant expressly admitted

the signing of the notes and the general denial could present no other issue except possibly the ownership of the notes, and that is discussed elsewhere. The alleged arrangement between the defendant, Smith and Lubiens could not bind Mr. Parker and if it was oral, could not even be shown in evidence because it would obviously tend to vary the terms of the written instruments, that is, the two notes sued upon.

IX.

The Signing of the Memorandum in Writing.

We have in this action a memorandum in writing introduced by the plaintiff, defensive to the plea of the statute of limitation interposed by the defendant Van Dyke. The memorandum is typewritten, conceded to have been dictated by Van Dyke in his office in Miami on New Years Day to a stenographer long associated with him in his office, called especially for the purpose of reducing to writing Van Dyke's statement of the situation which he intended to transmit to defendant Smith.

This memorandum contains not only Van Dyke's initials and the initials of his stenographer, but his name fully written out at a place upon the page invariably used as the place for signing.

Our state code provides (Sec. 2068) that when an action is barred by limitation, no acknowledgment of the justice of the claim made subsequent to the time it became due shall be admitted in evidence to take the case out of the operation of the law, unless such acknowledgment be *in writing* and *signed* by the party to be charged thereby.

We take it that there is no question but that this memorandum is in writing and shall confine our remarks upon this phase of the evidence to the word “signed.”

We wish to make clear to the Court our interpretation of the word “signed”. It is quite different from the word “subscribed”. The word “subscribed” denotes the action of the author of a written instrument himself and not the adoption of any other signature than his own handwriting.

Now, keeping in mind that Mr. Van Dyke took this typewritten paper from his stenographer and handed it to Mr. Parker, the plaintiff, in his own (Van Dyke’s) office; that Van Dyke received it directly from the hands of his stenographer; that it was his own statement in writing, and bore his name in typewriting at the end of the communication, there is left then, we take it, but one question concerning the paper, and that is, “was it *signed* by defendant Van Dyke?”

The Courts have very plainly set forth the significance of the word “signed” and we call attention to a few of the decisions.

“The word ‘subscribed’ is more restricted than the word ‘signature’. The word ‘signature’ in its origin involves merely a sign, the word ‘subscribed’ involves a writing. The word ‘signed’, as a verb, has several shades of meaning and hence a statutory requirement that an instrument shall be ‘signed’ by some person or officer to make it complete is much more general and comprehensive than a similar requirement that such an instrument or pleading must be subscribed by a person or officer. On the same principle, the signing of a written instrument has

a much broader and more extended meaning than attaching his written signature to it implies. When a person attaches his name, or causes it to be attached to a writing by any of the known methods of impressing his name upon paper with the intention of signing it, he is regarded as having 'signed' in writing."

Hagen v. Gresby, 34 N. D. 349, 159 N. W. 3, 5, L.R.A. 1917 B, 281.

"The printed name of the seller on his order blanks, if adopted by him as his signature, is sufficient signing of the memorandum to comply with the statute of frauds."

Pearlberg v. Lewisohn, 182 N. Y. Supp. 615.

"Where at the time of the purchase of goods, defendant or his authorized agent delivered to plaintiff a bill, which under defendant's printed name, and as filled out on the typewriter, fully described and stated the price of the goods sold to plaintiff's assignor, it was a memorandum of sale 'signed by the party to be charged, or his agent in that behalf', as required by the statute of frauds."

Cohen v. Wolgel, 176 N. Y. Supp. 764.

"Name of seller of flour, printed at top of order blank, filled out by its agent, held as 'signature to memorandum' satisfying statute of frauds as to sale of goods."

Wright v. Seattle Grocery Co., 105 Wash. 383, 177 Pac. 818, 820.

“Printed signature attached to an interest coupon payable to bearer is sufficient; signature including any name, mark or sign written with intent to authenticate any instrument or writing.”

Toon v. Wapinitia Irrigation Co., 117 Ore. 374, 243 Pac. 554.

“Signature may be written by hand, or printed; or stamped; or typewritten; or engraved; or photographed; or cut from one instrument and attached to another . . . and it has been held that it is immaterial with what kind of instrument a signature is made.”

58 C. J. 729, Par. 17.

“The rule is well settled, both in England and in the United States, that an act done by a person in the presence of another and by his direction, or with his consent, as the signing or execution of a sealed or written instrument, for example, is not regarded as an act of an agent, but is the direct act of the person by whose direction it is done.”

Pierce v. Dekle, 61 Fla. 390, 54 So. 389 (Fla.).

“When a subscriber’s name is written for him by another in his presence and by his parol authority, the act is deemed to be his as much as if he had done it in person, and the person actually writing the name is regarded, not as an agent, but as a mere instrument or amanuensis.”

Ledford v. Hubbard, 219 Ky. 9, 292 S. W. 345.

X.

The Adoption of the Typewritten Signature.

There is evidence to sustain the finding that Van Dyke adopted as his signature the typewritten signature appended to the instrument of January 1st, 1927. Of course, it is stating a mere truism to say that the findings of the Judge of a Federal Court in a law case tried without a jury have the effect of a special verdict to the jury and that every statement made in the evidence and every legitimate inference therefrom which even tends to support the finding is sufficient to sustain it. Consider the circumstances of the writing of this instrument. Mr. Parker had come to Miami, Arizona, to demand payment of his notes. As Mr. Van Dyke himself said, he arrived in Miami and asked a settlement of the notes, identifying them, which, as he later said formed the basis of a demand on the part of Mr. Parker for payment at this time. Mr. Parker testified that he saw Mr. Van Dyke on or about the 1st day of January, 1927, in his office at Miami and he had considerable talk about the payment of these notes, and thereupon and on that day Mr. Van Dyke dictated the letter or instrument (Exhibit 4); that Mr. Van Dyke told him he supposed these notes had been paid and he understood the bank still had them, whereupon Mr. Parker said, "You see they don't have them." Then after attempting to converse with Mr. Smith over the telephone, he dictated the letter and said that he would not pay what he, Van Dyke, owed the St. Ansgar Bank until they took up the Parker notes. [Tr. pp. 174-177, inc.] Mr. Van Dyke testified to the dictating of the letter and to the conversations he had with Mr. Parker about the notes. [Tr. pp. 190-193 inc.] It is not without sig-

nificance that nothing was said, according to the testimony of both parties, about the notes being outlawed or barred by the statute of limitations in the conversation leading up to the writing of this letter, and no claim was made by Mr. Van Dyke that the notes were not just debts and should not be paid or that there was any defense to them whatever. The letter negatives any such idea. It says they were unpaid; that Parker was demanding what was right and legitimate. He then dictated the letter in the presence of Mr. Parker. The stenographer not only placed Mr. Van Dyke's initials, followed by her own on the paper, but typed also the name "Cleve W. Van Dyke"; then, when it was completed, Mr. Van Dyke handed to Mr. Parker the so-called carbon copy of the letter, but which was really an original. [Tr. Record p. 175.] Mr. Parker testified that he dictated no portion of the letter and did not suggest a word of it. [Tr. p. 189.] Mr. Van Dyke testified that Mr. Parker dictated portions of it. [Tr. p. 190.] The finding of the Court absolutely shows, and there was sufficient evidence to sustain it, that Mr. Van Dyke himself dictated and wrote the letter and Mr. Van Dyke agrees with Mr. Parker that when the letter was finished the carbon copy was handed to Mr. Parker. [Tr. p. 191.] What was the object of handing this letter to Mr. Parker? Not for the information of Mr. Smith, as Mr. Van Dyke testified that he never sent the letter to Mr. Smith, and it is inferable that he had no intention of doing so. He wrote it for the benefit of Mr. Parker. He never wrote his signature with pen and ink on any copy, but he handed the duplicate to Mr. Parker as a completed instrument and as Mr. Parker's copy. The case is not brought within the effect

of some of the decisions that a communication to a third party, not brought to the attention of the holder of the indebtedness, is not sufficient to toll the statute. Here, though the instrument was addressed to Mr. Smith, it was written in the presence of Mr. Parker and the duplicate handed to him as soon as completed. What did Mr. Van Dyke intend? That the instrument should not be deemed completed? He said nothing of the kind to Mr. Parker. On the contrary, he handed it to him as a complete instrument, and Mr. Parker had the right to rely upon its being such an instrument. When Mr. Van Dyke handed this instrument to Mr. Parker with his duplicate signature on it, he represented as fully that it was his act and intended to be his instrument as if he had said so in express terms. Certainly Mr. Parker was entitled to so believe and under the authorities heretofore cited with respect to the right to adopt anything as a signature, or to treat anything typewritten or otherwise as the act of the party whose name appears on the document, the Court was justified in holding as a legitimate inference from the testimony and all the surrounding circumstances that Van Dyke intended this to be a complete instrument, and intended that Parker should so understand it. If so, the typewritten signature is as much his signature as if he had written it with his own hand.

There is nothing in the physical condition of the instrument which would preclude the idea that the typewritten signature was intended as the signature of the defendant. In the first place the signature is that of an individual. As shown by the authorities cited, he could adopt a typewritten signature as his own. There is no rule we know of regulating the distance between the end of the written instrument and the signature. There

is no line which would indicate that a written signature was intended. It is a very different proposition that those cases involving signatures by corporations where the corporate name was typewritten on the instrument under circumstances that indicated that it was intended to be signed by some officers of the corporation. Such are the cases cited by the appellant. Thus, in *Richmond Standard Steel Spike & Iron Company v. Chesterfield Coal Company*, 160 Fed. 832, the contract was signed by the name of the corporation in typewriting and two lines underneath for the signatures of the officers. It was held that under these circumstances the contract had not been signed by the corporation and did not take effect. Moreover, there was a finding of fact by the trial court that the contract was not signed by the court or its duly authorized agent in that behalf, and as the Circuit Court of Appeals remarked,

“We do not feel that we would be justified under the circumstances of this case in interfering with this finding of fact. We might enlarge upon the question presented by discussing the difference between the rules which should be applied to individual liability accruing from subsequent adoption of a signing or signature to an obligation and that of a corporation. An individual acts for himself and upon his own responsibility, and he is at liberty to recognize or adopt a signature as his own, and thereby bind himself by the terms of the paper or instrument to which it is attached. But corporations act through their legally constituted agents or instrumentalities, and therefore, in order to bind the latter under the principle of adoption, it would, in our opinion at least, be necessary that the formal method required in execution of written obligations by a corporation should in the outset be observed.”

XI.

The So-called Carbon Copy Was Admissible Without Production of the Original.

Reference is made in the appellant's brief to the claim that the instrument of January 1st, 1927, offered and ultimately received in evidence, was a carbon copy and not the original. The Court has found as a legitimate inference from the conduct of the parties, and particularly of Mr. Van Dyke, that Van Dyke intended to adopt the typewritten signature at the foot of the instrument as his signature and thus in fact sign the instrument. The so-called carbon copy, of course, had the same typewritten signature. It was necessarily made at the same time and by the same mechanical operation. The authorities, except in Texas, are practically unanimous to the effect that the so-called carbon copy is a duplicate original and may be introduced in evidence without accounting for the first copy.

Maston v. Glen Lumber Co., 65 Okla. 80, 163 Pac. 128;

De Michele v. London & Lancashire Fire Ins. Co., 40 Utah 312, 120 Pac. 846;

Engles v. Glocker, 127 Ark. 385, 192 S. W. 193, 22 C. J. 1024, Sec. 1314, 2 Wigmore on Evidence, 1476, Sec. 1232.

And this rule must be especially applicable where the party signs both copies, or, as in this case, adopts a typewritten signature which appears on both copies.

XII.

The Effect of the Defendant's Absence From Arizona.

Mr. Van Dyke's letter or instrument was written on January 1st, 1927. If this instrument had the effect we claim for it, it stopped the running of the statute of limitations and started it anew, and the plaintiff would have four years from that date in which to bring suit. The complaint was actually filed, and suit commenced on the 21st day of January, 1931, 20 or 21 days after the expiration of four years from January 1st, 1927. To negative this apparent running of the statute, the plaintiff pleaded that the defendant, Van Dyke, was without the limits of the State of Arizona for several months in each year between 1927 and 1931. [Tr. p. 18.] Section 2066, Revised Code of Arizona, 1928, provides that "When a person against whom there shall be a cause of action shall be without the limits of this state at the time of the accruing of such action, or at any time during which the same might have been maintained, such action may be brought against such person after his return to this State, and the time of such person's absence shall not be accounted or taken as a part of the time limited by the provisions of this Chapter."

There has been much discussion in this case concerning the character of the absence that would toll the statute. The section above quoted is practically the same as Revised Statutes of Texas, 1911, Article 5702, and the courts of that state have held that a temporary absence is sufficient, and that the time of the absence of the party against whom the action was brought is not a part of the period of limitation; that repeated absences

might be added together and the entire time deducted from the period of limitation provided by the statute. Such was the rule set forth in *Fisher v. Phelps*, 21 Texas, 555, and this rule was adhered to down to the comparatively late case of *Koethe v. Huggins*, 271 S. W. 143. The question is set at rest in Arizona in *Connor v. Timothy*, 33 Pac. (2) 293, (not yet officially reported), in which it was held that temporary absences tolled the statute.

The Court has found on abundant evidence that Mr. Van Dyke was without the limits of the State of Arizona for at least six months between the first day of January, 1927, and the time of the commencement of the action, and this being much more than the twenty or twenty-one days necessary to be accounted for is to be taken out of the period of limitation and forms no part of it. The four years had therefore not run at all from the time of the making of the instrument of January 1st, 1927, until this action was commenced.

XIII.

Steinfeld v. Marteny.

So much reliance is placed by the appellant in his brief upon the case of *Steinfeld v. Marteny*, 40 Ariz. 116, 106 Pac. (2nd) 367, and it was so repeatedly pressed upon the attention of the court below, that it may be well to analyse at some length that decision to see what it actually holds and how far it goes.

The action was brought upon a promissory note made by one William M. Marteny, of whose will the defendant was executrix, on September 8th, 1923, payable 180 days

after date. The note was acquired by Mr. Steinfeld from the original payee and presented to the defendant as executrix for allowance and by her rejected. The defendant pleaded the six year statute of limitations of Arizona, and, as stated by the Court, the lapse of time was more than six years unless the decedent in some way had tolled the statute. It will be observed that this was an Arizona contract and was governed entirely by the laws of Arizona. Three reasons were asserted why the statute had not run; first, that the note sued on was a renewal note and in consideration of such renewal the defendant agreed in said note to waive the statute of limitations; second, that the Tucson Cattle Loan Company, the original payee in the note, had on March 6th, 1924, extended the time of payment for a period of six months from that date; and, third, that the bank to which the note had been assigned by the Cattle Loan Company as collateral had on December 4th, 1924, extended the time of payment until December 4th, 1925. By an amended complaint the second of the above named reasons was omitted and the consideration for a waiver of the statute of limitations was alleged to be the acceptance of the note sued on without the signature of the maker's wife, who had been a co-maker of the note of which it was a renewal and that the bank which held the Cattle Loan Company's note as collateral had renewed from time to time the note of that company and thereby automatically extended the time of payment of the collateral note. Later, by further amendment the plaintiff alleged that in consideration of the extension of the time of payment of the note the maker had in signed writing acknowledged to the loan company the justness of its claim on the note and the debt represented thereby, agreed to pay

the same and waived the statute of limitations, and that on various dates, the last one being alleged to be May 7th, 1926, the maker in writing acknowledged the justness of the debt and agreed to pay the same.

In accordance with its previous decisions the Supreme Court of Arizona held that the agreement contained in the note itself to waive the statute of limitations was invalid, thus eliminating that particular reason alleged by the plaintiff. The Court also held that the periodic renewal of the Cattle Loan Company's note by the bank which held it as collateral did not automatically extend the time of payment of the note sued on. It was also held that under the Arizona statute the plaintiff might not prove an oral extension of the note, the maker of the note being dead and the plaintiff not being permitted to give testimony with respect to such agreement. Thus these particular reasons were eliminated by the ruling of the Court with respect to them, and the case did not refer to the other claims made that the statute had been tolled.

Of the remaining objections, the first was that it was a written agreement between the Cattle Loan Company and Marteny extending the time in which to make payment. No such agreement was produced and in the language of the Court "no witnesses positively stated that there was such an agreement." Even the witnesses who gave testimony on the subject differed in their recollection of it. The agreement was not reflected on the Cattle Loan Company's books and there was nothing except the

vague testimony of the recollection of certain persons who had to do with the transaction. The Court held, therefore, that there was not sufficient evidence of any such written agreement and that the court below was justified in so holding and in rejecting proof of the contention of the alleged agreement and in striking out all the evidence concerning it. This left the only question that of the acknowledgement of the justness of the debt by Marteny. To support this claim several letters written and signed by Marteny and addressed to the loan company were offered in which Marteny asked generally for leniency or expressed the hope that he would be able from cattle sales and sales of his ranches if necessary to reduce or pay off what he owed. There was also produced a financial statement written and signed by Marteny listing his assets and liabilities, which included an item of \$38,410.00 owing to the Cattle Loan Company and in connection with this loan company's ledger account with Marteny was introduced, showing that the note sued on was one of the notes of Marteny which it held. The total figures, however, of the account with Marteny was much less than stated by Marteny in his financial statement. The Court then, after quoting *Sec. 2068 Revised Code of Arizona, 1928*, held that the exclusive method of tolling the statute under this action was by signed written acknowledgement of the justness of the claim made subsequent to the accrual of the right of action, and either before or after the bar, that the acknowledgement must designate the particular subject or

demand to which it refers and that a general acknowledgement of indebtedness without specifying the extent and nature thereof is insufficient. None of the letters introduced, the Court held, specifically referred to the note sued on. They were mere general admissions and acknowledgements of an existing indebtedness and were too general and loose to be regarded as an acknowledgement of the justness of this particular note. The real reasons for affirming the judgment appealed from were those above stated. When the evidence fell short of even presenting a question of fact as to the written agreement of extension, and when the instrument relied upon as an acknowledgement of the justness of the debt made no reference to the particular debt sued on, but were mere general expressions of indebtedness, the case was ended. It is true that in construing the statute the Court went further and said that in addition to the acknowledgement of the justness of the debt there must also be an expression of a willingness to pay. It strikes the mind that this latter is something that is not in the statute itself but engrafted upon it by the courts of Texas and is followed by the Supreme Court of Arizona. Nevertheless, it is the construction placed by the latter court upon the Arizona statute and this court is of course bound by the construction placed by the Arizona court upon its own statutes. It was not involved, however, in the *Steinfeld-Marteny* case, since in fact that question was never reached in the consideration of the case. The difference between the situation presented by that case and the one now before the Court will be discussed later, though it would seem to be apparent upon a reading of the opinion in that case and the instrument written by Mr. Van Dyke upon which the contention in this case is based.

XIV.

The Letter (Memorandum) of January 1st, 1927, Is Sufficient to Toll the Statute Under the Law of Arizona.

We have already analyzed the opinion of the Supreme Court of Arizona in the case of *Steinfeld v. Marteny*, 40 Ariz. 116, 10 Pac. (2d) 367.

On a question of the sufficiency of a memorandum of January 1st, 1927, the appellee has always insisted, and still insists, that the law of Iowa and not that of Arizona governs; that a statute governing the sufficiency of a memorandum or instrument to toll the statute of limitations enters into and becomes part of the contract itself, and since these notes are conceded to be Iowa contracts. the law of that state governs. This subject we shall discuss later. At present we desire to consider the effect of this law of Arizona, without waiving in the least the claim that that law does not apply. The instrument, which is the subject of consideration in this case, is lengthy and is set forth several times in the Transcript of Record and counsel have also inserted in the record a photostatic copy. We shall refer, however, to the instrument as printed at page 103, *et seq.* of the Transcript as it is more easily read than the photostatic copy. Contrast this instrument with the situation presented by the case of *Steinfeld* against *Marteny*. In that case there was no particular reference to the debt sued upon, nor could its amount be reconciled with any statement made by the maker of the note. In other words, there was a total lack of identification in the debt sued upon with anything contained in the written instrument or letters introduced in evidence in that case. Here we have absolute identifi-

cation. There were only two notes outstanding made by Mr. Van Dyke and Mr. Smith and payable to Mr. Parker, and in the very first sentence of the instrument [Exh. 4, Tr. p. 133] that identification is complete. Mr. Van Dyke says: "Mr. Bascom Parker of Niles, Michigan, arrived in Miami a few days ago asking the settlement of two notes of \$5,000.00 each given to him in Chicago August 30th, 1917, in payment for his stock in the Calhoun Timber Company." It is needless to argue that this language completely identifies the indebtedness which is claimed to have been saved from the statute of limitations by the instrument of which it is a part. Mr. Van Dyke then goes on and gives his version of the history of the notes and of the transactions between himself and the St. Ansgar Bank and Mr. Lubiens, and himself and Mr. Smith, and gives his "impression" that Mr. Lubiens and the bank had assumed the note [Tr. p. 106]. But he nowhere states in this memorandum that Mr. Parker had anything to do with these transactions, or that he understood or knew or agreed that the notes were assumed by anyone else. The writer then mentions the fact that he and Mr. Smith had then due and payable a note to the bank or Mr. Lubiens for \$10,000.00, and that Mr. Parker had notified him (Van Dyke) that payment must not be paid to the bank until his (Parker's) matter is adjusted. He then later in the letter proceeds: "Our agreement with Mr. Parker was definite. The arrangement among ourselves was well understood and Mr. Parker is only asking for his rights and what is legitimate."

What was Mr. Parker asking? He went to see Mr. Van Dyke about these notes and nothing else. He asked

for payment, or as Mr. Van Dyke put it in his memorandum, asked for settlement of the two notes, which could be nothing but payment, or some arrangement by which they would ultimately be paid. The language of the instrument can lead to no other conclusion than that the writer has identified the notes to which he was referring, and that Mr. Parker was not asked for settlement or payment and was asking for no more than what was right and legitimate. The other two notes were given by Mr. Van Dyke and his associate Mr. Smith to Mr. Parker. Here was Parker asking for payment; here was Van Dyke saying that what Parker asked was right and legitimate. What possible language will more fully amount to an acknowledgement of the justness of the debt? Barring the fact that he did not use the word "just" instead of right and legitimate, his acknowledgement does not differ from the language of the statute. It is not necessary, of course, that any particular language be used if its effect is to acknowledge the justness of the debt.

As to the expression of willingness to pay, it is not necessary that any particular language be used. It is the effect of the language taken as a whole and the inference of conclusion that may legitimately be drawn from it that amounts to an expression of willingness to pay. If from the whole instrument there can be gathered an expression of such willingness, it is enough. Certainly it is not necessary to use such language as "I hereby express my willingness to pay this debt." Counsel employed to prepare an instrument might use such language, but even

then if counsel were employed to see that the statute of limitations was not allowed to run, would probably find some way to do it less subject to attack than a compliance with this particular statute. Instruments which have the effect of tolling the statute of limitations are nearly always in the form of letters or writings prepared by the party himself and not couched in legal phraseology, and still less in the exact language of the statute.

We have here a clear and distinct knowledge of the justness of the debt. We have expressions of regret that they had not been paid. We have an urging of Mr. Smith to pay the St. Ansgar Bank in its offices with a view to paying Mr. Parker. That there was a willingness that Mr. Parker should be paid is beyond question, but Mr. Parker had no claim against the St. Ansgar Bank, he had only a claim against the makers of the note, and there is no possible inference to be drawn from the entire language of this instrument, except that unless some understanding was had with a Mr. Salisbury with reference to the payment of these notes, they should have to be paid and would be paid by the makers. The instrument contains a clear, concise statement that the debt is just and that Mr. Parker is only asking for his rights and what is legitimate and that while the defendants show they had made arrangements for its payment, those arrangements had failed and that an effort should be made to make new arrangements so that plaintiff's notes should be paid. Van Dyke knew that he had signed the notes; knew that they ought to be paid; knew that he was

obligated for that payment, and the mere fact that he sought to bring about that payment by some arrangement with third parties, leaves no inference possible, except that if that could not be done, he and his co-maker would have to pay them. Nowhere in the instrument is there any suggestion of an intention not to pay these notes. Nowhere can it be figured that what he said amounted to a statement that the notes were just, but he would not pay them. On the contrary, all his entire language amounted to an effort to pay them. He owed the St. Ansgar Bank \$10,000.00 and he refused to pay that until Parker's notes were settled. If the bank had settled Parker's notes, he would have had to pay the \$10,000.00 and the ultimate result, indirect as it might be, was that he and his associates would pay the indebtedness to Parker and the whole instrument breathes not only a willingness, but an anxiety that Parker should be paid, and that those liable to him would see that he was paid.

It has been held that an unequivocal admission that a debt is due and unpaid, accompanied by nothing said or done to rebut the presumption of a promise to pay it, is sufficient to revive the debt against the statute of limitations, and in effect, that the expression of willingness to pay the debt may be inferred from the unequivocal acknowledgment of its justness, unaccompanied by anything that would indicate an intention not to pay it.

Ross v. St. Clair Foundry Corporation, 271 Ill. App. 271;

Sneed v. Parker, 262 Ill. App. 333.

The courts of Texas have recently considered both the sufficiency and what constitutes a new promise or expression of willingness to pay the debt. In *Elsby v. Luna*, 15 S. W. (2nd) 604, the Commission of Appeals of Texas considered the sufficiency of certain letters to toll the statute of limitations and as constituting a new promise to pay the debt. The debt sued upon was evidenced by a promissory note dated October 22, 1914, for \$3,000 executed by W. B. Luna and wife and payable to Elsby one year after date. The note was barred by the statute of limitations unless the letters prevented the running of the statute. These letters were quoted by the court in its opinion as follows:

Letter of date November 8, 1922:

“I received your letter of October 27th, which has reference to my note which has been sent to the City National Bank for collection. In this connection I am sorry to say that it is not possible for me to take up the note, or make a substantial payment on it at this date. I have continually refrained from writing, thinking each week and month, that I would be able to make a satisfactory payment, but so far have not been able to do it. I should regret very much to have you place this note in the hands of an attorney for collection, etc. * * * I am asking that you defer action as to an attorney and have the note returned to you.”

Letter of date January 29, 1923:

“Receipt is acknowledged of your letter of January 17th, and in reply I am forwarding herewith my check for \$100.00 on American Exchange National Bank, dated February 8, 1923 * * * I was hoping that you would have had business in Dallas before this, as I should like to have a personal talk with you. Many things could be more readily explained.”

Letter of date September 10, 1923:

“Receipt is acknowledged of your letter of July 21st, which has had my careful consideration. I am pleased to advise you that the matter referred to therein will have my attention about October 1st. I trust that this arrangement will be satisfactory.”

Overruling the decision of the Court of Civil Appeals in the same case reported in 6 S. W. (2nd) 375, the court held the letters sufficient and in quoting from decisions said:

“This new promise need not be expressed in the letters but may be implied from what is written.”

and also

“An unqualified and unequivocal acknowledgment in writing on the part of the debtor, of the existence of the indebtedness, unaccompanied by expressions indicating a willingness to pay same, will raise the implication of a new promise to pay the indebtedness.”

This opinion of the Commission of Appeals was adopted by the Supreme Court and the judgment of the Court of Civil Appeals was revised and that of the District Court holding the defendant liable was affirmed.

Again in *Cochran v. J. Coe Lumber Co.*, 82 S. W. (2nd) 684, similar letters were considered by the court and held to be sufficient to toll the statute and to constitute an implied promise to pay the debt.

It is obvious that these late decisions of the Texas Courts state the rule prevailing in that State and explain some of the language used in earlier decisions. Even though the courts of that State have held that in addition to an acknowledgment of the justness of the debt there must be an expression of willingness to pay it, that that expression may be implied and in fact is implied from the acknowledgment of the debt itself.

Again referring to *Steinfeld v. Marteny*, *supra*, while the court in that case construed the statute and follows what it conceives to be the effect of the Texas decisions it nowhere determined what would constitute an expression of willingness to pay the debt and still less did it hold that such an expression could not be inferred from the acknowledgment of the justness of the debt itself. We venture the prediction that when the case comes squarely before the Supreme Court of the State of Arizona it will follow these late Texas decisions as to what is an expression of willingness to pay the debt and from what language it may be inferred.

XV.

Authorities Cited by Appellant.

We cannot undertake to review and comment on all the authorities cited by the appellant. Reference to a few, however, may not be out of place. Much is said in appellant's brief about the case of *Bell v. Morrison*, 1 Peters 351, and it is cited in a number of the decisions relied upon by appellant. It may be well, therefore, to see what was involved in that case. The opinion bears the great name of Mr. Justice Story and it is still binding law whenever it has application. An action was brought in a Federal Court in Kentucky for the recovery of about \$20,000.00 claimed to be due on the sale and delivery of castings. The defendants had entered into a partnership for the purpose of manufacturing and vending salt. The action was brought in 1823, and the statute of limitations applied unless tolled by certain letters passing between the parties and a conversation between the plaintiff and one of the defendants. In 1819 the plaintiff, Bell, went to the house of the defendant Morrison and a conversation occurred with reference to the account for the castings and in the course of which Morrison stated to Bell that his account should be settled and added, "I know we are owing you and are anxious that it should be settled." Certain letters written by Morrison and Butler, two of the defendants, to the plaintiff, were offered, in one of which occurred the following expressions: "I wish whatever is due to you should be paid; I have once more to ask you to follow the advice I am about to offer, viz., to come up here without delay (as Col. Butler may soon be ordered off) and I cannot believe your present suit will answer any purpose." "It is not our wish to keep from

you whatever may be your just due. We have sent for the company books some two or three weeks since; they will come to Louisville by water; and on your and Mr. Wheatley's being there I have no doubt but your account can be adjusted; and that more to your satisfaction than it ever can be from the result of your suit." "I wish your account settled; and I have no hesitation in saying on your coming here it will be done." In another letter from Butler, one of the defendants, to the plaintiff, he informs the plaintiff that on the 20th day of November, 1817, Morrison and Wilkins will be in Hopkinsville "for the purpose of adjusting some of the affairs of the Old Salt Company" and desires that the plaintiff "will be present in order that a settlement will be effected if possible of the account which you set up against the company." In another letter from Butler dated November 8th, 1817, he mentioned the intended meeting on November 20th "for the purpose of adjusting our old account with you." "I hope, therefore, you will be at Hopkinsville for the purpose of enabling us to settle this old affair, to which I am sure all must be most anxious." In another letter of Butler dated October 23rd, 1818, he reminds the plaintiff "about a day of meeting to adjust the account between the former company and yourselves." "If it would suit you to be at Frankfort during the sitting of the Legislature we might possibly come to some understanding on the subject." And in another letter from Taylor, one of the defendants, to the plaintiff dated March 18th, 1818, the writer says: "I received a letter last Monday from Col. Butler inviting me to attend an appointment with you at Hopkinsville on the 26th of this month for the purpose of adjusting the old company account. I shall endeavor to attend at that time, when, if we can

make an arrangement, equally mutual, for the metal I may hereafter want, it can be done.”

It will be observed that in these letters there is no attempt to state the amount of the debt nor was there any unconditional recognition of the debt or a promise to pay it. There were vague expressions of the possible existence of an account or claimed account with an expression of the hope of reaching a settlement and it was held that these letters were insufficient to toll the statute of limitations. Moreover, it was held that after the dissolution of the partnership no one partner could bind the partnership by any writing or statement which would toll the statute of limitations if it had already run.

Of course the rule is familiar that the language of the Court in any given case must be considered in the light of the case before the Court. With these vague and uncertain statements nowhere recognizing any particular amount of the debt, furnishing no basis for a fixing of that amount, and in fact implied negatively, the idea that the indebtedness was anything like as large as that sought to be recovered (since one of the defendants had offered to settle for \$7,000), it is not surprising that the Court held that the statute was not tolled. But these vague and indefinite expressions are very different from those we have involved in this case.

Shepard v. Townsend, 122 U. S. 231, was a suit brought to recover the amount of two promissory notes and involved the construction and effect of the Maryland

statute of limitations in force in the District of Columbia. After the making of the notes the defendant and others executed an instrument pledging a certain claim against the United States and moneys derived therefrom for the payment of the indebtedness evidenced by the notes. It was said concerning the instrument, that

“This instrument contains no promise of the defendant personally to pay that debt and no acknowledgment or mention of it as an existing liability.”

It was held insufficient to toll the statute.

First National Bank of Park Rapids v. Pray, 288 Fed. 175, in a decision of the Circuit Court of Appeals of the Ninth Circuit, and is of course binding in this jurisdiction. Certain letters were introduced as having the effect of tolling the statute of limitations. It was said of these letters:

“The correspondence refers to dividends from the bankrupt estate of the White Stores Company in payment on the note of \$993.21, being evidence of the payment of one such dividend, and the letters furnished evidence that others were expected which might discharge the entire debt of White Stores Company on the note leaving nothing for the *guarantors* to pay. There was no unqualified or unconditional admission of any debt in any sum and there was not a particle of evidence that there was any principal or intermediate sum or balance with or without interest which the defendant alone was liable or willing to pay.”

Circuit Judge Hunt dissented on the ground that the letters were sufficient to take the date out of the operation of the statute of limitations and that the case fell without the decision in *Minifie v. Rowley*, 187 Cal. 481, 202 Pac. 673. The opinion of the majority of the courts seems to be based upon *Clumin v. First Federal Trust Company*, 189 Cal. 248, 207 Pac. 1009. Turning to that case we find it was brought upon a promissory note for \$3,000 executed by one Jeremiah Lynch, afterwards deceased. It was claimed on behalf of the plaintiff that the case was taken out of the operation of the statute of limitations by certain writings executed by Lynch. These consisted of checks signed by Lynch, payable to the order of the plaintiff, together with a memorandum made by Lynch on the stub showing the amount of the check and the purpose for which it was executed. One of the checks is set forth in the opinion and the stub shows that it was for quarterly annuity and interest on the notes. It was held that the stubs were not evidence since they were never communicated to the creditor. It was also urged that the execution of the checks and the sending of them to Mrs. Clumin constituted a sufficient acknowledgment or promise to toll the statute, but said the Court:

“The checks of themselves make no reference to the existence of any debt and contain no promise of any sort to pay money or in discharge of a debt of any character. They also include in the amount stated a sum which the stub shows was intended to pay quarterly interest on a \$3,000 debt, but that

fact nowhere appears upon the check itself; none of them was for that exact sum; they all include sums for other purposes.”

It is interesting to note that in the above authorities upon which the Court based its conclusion that these checks were insufficient to toll the statute, will be found a quotation from *Southern Pacific Company v. Prosser*, 122 Cal. 415, 52 Pac. 837, 55 Pac. 145, as follows:

“The distinct and unqualified admission of an existing debt contained in a writing signed by the party to be charged and without intimation of any intent to refuse payment thereof, suffices to establish the debt to which the contract relates, as a continuing contract and to interrupt the running of the statute of limitations against the same.”

Other cases are cited of which *Tucker v. Guerier*, 171 Wash. 165, 15 Pac. (2nd) 936, may be taken as a sample in which on account of the difference in wording of the statute of limitations or the different view taken of it by the court there is no application to the present case. Thus, in the case last mentioned the statement is made that “the mere acknowledgment of a debt or the expression of an intention to pay is not sufficient to revive the debt.” This is utterly contrary to the view taken by the courts of both Iowa and Arizona with respect to their statutes. Taking the most extreme view of the *Steinfeld-Marteny* case, its construction cannot be governed or influenced by decisions of this character.

XVI.

The Practice Conformity Rule.

Certain matters which counsel for the appellant present consist of references to *Sections 724 and 725, Revised Statutes, United States* (28 U. S. C. A. Title 28, Sec. 724, *et seq.*) commonly known as the Practice Conformity Rule. This act provides that:

“The practice, pleadings, and forms and modes of proceeding in civil causes other than equity and admiralty causes, in the district courts, shall conform, as near as may be, to the practice, pleadings and forms and modes of proceeding existing at the time in like causes in the courts of record of the State within which such district courts are held, any rule of court to the contrary notwithstanding.”

The object of this statute is merely to conform to purely procedural matters in actions of law in the Federal Courts to the practice in like actions under the laws of the States. The United States Supreme Court has so declared.

“The purpose of the provision is apparent upon its face. No analysis is necessary to reach it. It was to bring about uniformity in the law of procedure in the federal and state courts of the same locality. It had its origin in the code enactments of many States. While in the Federal tribunals the common-law pleadings, forms and practice were adhered to, in the State courts of the same district the simpler forms of the local code prevailed. This involved the necessity on the part of the bar of studying two distinct systems of remedial law, and of practicing according to the wholly dissimilar require-

ments of both. The inconvenience of such a state of things is obvious. The evil was a serious one. It was the aim of the provision in question to remove it. This was done by bringing about the conformity in the courts of the United States which it prescribes.”

Nudd v. Burrows, 91 U. S. 426, 23 L. Ed. 286.

It had reference solely to matters of procedure. The subsequent section providing that the laws of the State shall be regarded as rules of decision in trials of common law, carries the conformity one step further and makes rules of evidence and statutes regulating the validity of contracts applicable in proceedings in the Federal Courts.

That any of these statutes have the broad effect claimed by counsel is not shown by any of the authorities cited by them nor by any others that we have discovered. Otherwise the settled rule established beyond question that the Federal Courts in matters of general law exercise their own judgment and are not bound by state rules would be wholly inconsistent with the idea suggested. The practice in actions of law in the Federal Court conforms to the State practice. Not in everything but as near as may be. It does not control the conduct of the judge, the manner of instructing juries, the manner of selecting juries, and many other things that are shown on the numerous decisions on the subject in which the Federal Courts are at liberty in their discretion to disregard State practice when they deem it not adapted to the proper administration in the courts of the United States. It was not intended to conform the law of the Federal Courts

to the law of the State, but merely in practice and procedure.

That this is the limit of the effect of these statutes is shown by the very authorities cited by the defendant. An examination of the facts of those cases and the connection in which the language quoted by counsel is used, leads to the conclusion that those cases have no effect upon the question sought to be presented by counsel.

We therefore briefly refer to the authorities cited for the purpose of showing the scope and extent of them and their inapplicability to the present case.

Scudder v. National Bank of Chicago, 91 U. S. 406, 23 L. Ed. 230, was an action brought upon an oral acceptance of a draft. The draft was drawn by a firm in Chicago upon another firm in St. Louis, Missouri, to whom the Chicago firm had sold certain merchandise. The plaintiff bank to whom the draft was presented for discount declined to discount unless it was assured of its acceptance. Thereupon one of the members of the defendant firm who chanced to be in Chicago orally accepted the draft and this acceptance was communicated to the bank, which thereupon discounted the draft. By the laws of Missouri the acceptance of a draft must be in writing, while by the law of Illinois an oral acceptance was valid. It was held by the court that the acceptance having been made in Illinois was valid under the laws of that State and hence was valid in an action on an account in the Federal Court brought on the acceptance, in whatever district it might be brought, and the fact that the Missouri statute required an acceptance in writing did not affect an action brought upon an Illinois

contract of acceptance which would be valid without writing.

Bucher v. Chesire R. R. Co., 129 U. S. 555; 31 L. Ed. 795, was an action brought to recover damages for personal injuries inflicted upon a passenger by the negligence of the railroad company in whose cars he was traveling. The defense interposed that the plaintiff was riding upon the Lord's Day, which riding was not made necessary as an act of necessity or charity and was therefore in violation of the statute of Massachusetts which forbade the doing of anything except works of necessity or charity on Sunday. In an action brought in the Massachusetts court a judgment in favor of the plaintiff had been reversed by the Supreme Judicial Court of Massachusetts and upon the remanding by the court the plaintiff took a non-suit and brought an action in the Federal Court. It was contended that the Massachusetts statute was not binding and did not constitute a defense in an action in a court of the United States, but the court, though not appreciating the public policy that would permit a railway to carry passengers on Sunday and which would deny them any relief if they were injured through the negligence of the company, still held that it was a construction by the courts of Massachusetts of its own statute, long continued and as such must be enforced, though reluctantly, by the Federal Courts. Several of the justices dissented upon the broad ground that while the Massachusetts statute might be a defense in that State, it was no defense anywhere else and especially not in the Courts of the United States.

Leffingwell v. Warren, 67 U. S. (2 Black) 599, was a case where the court merely applied a statute of Wis-

consin fixing the *time* within which a certain action created by the laws of the State should be brought.

Ex Parte Fisk, 113 U. S. 713, 28 L. Ed. 1120, was a petition for a writ of habeas corpus. A state statute provided that a party to a civil action at law might be examined before trial. Being a party to a suit pending in the Federal Court, Fisk was sought to be examined by the opposite party under the state statute. It was held that he could not be examined before trial because the state statute was in conflict with a statute of the United States which provided that a trial should be conducted in open court upon oral testimony of witnesses or by depositions.

Connecticut Mutual Life Ins. Co. v. Union Trust Co., 112 U. S. 250, was an action upon a life insurance policy. It was held that the statute of New York providing that communications to physicians should be privileged applied to actions at law in the courts of the United States.

McNeil v. Holbrook, 12 Peters 84, 9 L. Ed. 1009, was a suit upon four promissory notes, three of which had been assigned and endorsed to the plaintiff by the original holders. The plaintiff offered proof of an admission of liability on the part of the defendant but gave no proof of the genuineness of the signatures upon the notes or of the endorsers. A statute of the State of Georgia dispensing with proof of handwriting of a note or the endorsements thereon was held applicable to cases brought in a court of the United States.

Simms v. Hundley, 6 Howard 1, 12 L. Ed. 319, was an action brought upon a protested obligation. The statute of Mississippi provided that a certificate of protest made

by a notary public under his seal should be admissible without further proof and without producing the notary public as a witness. It was held that this statute applied to proceedings at law in the courts of the United States and that such a certificate was rendered admissible under the Mississippi statute.

The case of *Walsh v. Mayer*, 111 U. S. 31, was upon a negotiable promissory note made in New Orleans, Louisiana, secured by mortgage of real estate in Mississippi, the maker being a citizen of Arkansas and the promisee a citizen of Louisiana, and no place of payment being named in the note. Suit was brought in Mississippi. The defendant sought to apply certain payments of interest which was usurious under the law of Louisiana upon the note and also pleaded the statute of limitations. In this situation, with no place of payment named, the court held that the statute of limitations of Mississippi was properly applied but that the statute had been tolled by certain letters passing between the parties. In passing, it may be suggested that the letters which were held to toll the statute as set forth on *Page 34 of 111 U. S.*, are instructive as to what is necessary to accomplish that end. They are much less specific and definite than the document prepared by Mr. Van Dyke and involved in this case.

It has thus been seen that most of the cases cited by counsel merely relate to the effect of state statutes relaxing to some extent the existing rules of evidence in actions at law. In other words, the statutes involved merely prescribe what foundation would be sufficient to permit a document to be introduced in evidence or what should be deemed privileged communications between

those holding confidential relations or what should constitute *prima facie* evidence of some fact necessary to be proven. The other cases are (1) involving merely the *time* within which a certain kind of action which has statutory origin should be brought and (2), the effect of the Sunday law of Massachusetts. As to this last, the basis of the decision is that there was a statute in Massachusetts which forbade traveling on Sunday except in case of necessity or for charitable purposes and imposing a penalty for so doing. Contrary to the decisions of most of the states, even those having similar statutes, the Massachusetts courts had held in a considerable number of cases that a violation of this Sunday law constituted a defense to an action brought against a carrier for its negligence in injuring a passenger. Except as bound by repeated decisions of the State Court in like cases connected with this statute, the court had held that this was no defense.

Philadelphia, Wilmington & Baltimore Ry. Co. v. Philadelphia & Havre de Grace Steam Tow Boat Co., 23 Howard, 209.

In the subsequent case of *Bucher v. Chesire Ry. Co.* *supra*, the court reluctantly yielded to what they termed the repeated decisions of the highest court of Massachusetts. That the Supreme Court of the United States considered those decisions unjust is shown by its opinion, and two justices dissented in toto on the ground that it was a question of general law upon which the Federal Courts were at liberty to follow their own convictions,

but the majority of the court felt compelled to follow the rule as stated by the Massachusetts court, their reason being given in the following language:

“We are of the opinion that the adjudications of the Supreme Court of Massachusetts, holding that a person engaged in travel on the Sabbath day, contrary to the statute of the State, being thus in the act of violating a criminal law of the State, shall not recover against a corporation upon whose road he travels for the negligence of its servants, thereby establish this principle as a local law of that State, declaring, as they do, the effect of its statute in its operation upon the obligation of the carrier of passengers. The decisions on this subject by the Massachusetts court are numerous enough and of sufficiently long standing to establish the rule, so far as they can establish it, and we think that, taken in connection with the relation which they bear to the statute itself, though giving an effect to it which may not meet the approval of this court, they nevertheless determine the law of Massachusetts on that subject.”

There can not be claimed to be repeated decisions of the Supreme Court of Arizona, whatever effect may be given to the one decision upon which counsel so strongly relies. None of the cases cited goes so far as to hold or even to furnish any reasoning in support of the idea that a Federal Court may not exercise its own judgment as to what statute of limitations is applicable or what the effect of statutes governing, not the mere *time* within which a suit must be brought, but the substantive effect of the statutes which enter into and become a part of the contract would have in fixing the point at which such time shall begin.

XVII.

The Sufficiency of the Written Acknowledgment Is Governed by the Laws of Iowa.

The notes, while dated Chicago, Illinois, and perhaps signed there, were payable in a bank in the State of Iowa. The contracts evidenced by the notes were to be performed in Iowa. They were therefore Iowa contracts. As was said in *Thompson-Houston Electric Co. v. Palmer*, 52 Minn. 170, 53 N. W. 1137,

“Although casually signed in Missouri, the notes were delivered and were payable in Illinois; and it is not questioned that they are Illinois contracts, and as respects their nature and obligatory force, governed by the laws of that state.”

The question what law applies, whether that of Arizona or Iowa, has been discussed at length in the opinion of the trial court upon the demurrer, which is found on Pages 27 to 37 inclusive of the transcript, and to that opinion we refer and adopt it as our argument upon the questions it covers.

It is sometimes said, perhaps too broadly in some cases, that the statute of limitations of the state in which the suit is brought applies, or that *lex fori* governs matters of that character. To some extent this is undoubtedly the correct rule. As to the mere *time* in which the action is to be brought, the law of the state in which the action is brought governs, save as to cases where the fixing of the time is a part of the act creating the right of action. Substantive matters going to the effect of the contract itself or the effect of the conduct of the parties with respect to that contract are governed by the law of the state where the contract is to be performed and by those laws their validity or effect

is to be determined. As said by the Supreme Court of Utah,

“The law of the forum controls as respects the cause of action so far as the *time* within which it must be enforced is concerned, but the law of Nebraska controls as respects the time within which the cause of action matured or arose, under a contract made in pursuance of its laws.” (*Italics ours.*)

Crofoot v. Thatcher, 19 Utah 212, 57 Pac. 171.

The Iowa statute of limitation applicable to this case, found in Code of Iowa, 1924, which seems to have been in effect at the time of the making of these notes, is contained in the following sections:

“11,007. PERIOD OF.—Actions may be brought within the times herein limited respectively after their causes accrue, and not afterwards, except when otherwise specially declared.

* * * * *

“WRITTEN CONTRACTS.—JUDGMENTS OF NOTES NOT OF RECORD—RECOVERY OF REAL PROPERTY. Those founded on written contracts or judgments of any courts, except those provided in the next subdivision, and those brought for the recovery of real property within ten years.

* * * * *

“11,018—ADMISSION IN WRITING—NEW PROMISE. Causes of action founded on contract are revived by an admission in writing signed by the party to be charged, that the debt is unpaid, or by a like new promise to pay the same.”

The general principles applicable to actions brought in one state from rights acquired in another are set forth in *Northern Pacific Ry. Co., v. Babcock*, 154 U. S. 190, 38 L. Ed. 958, as follows:

“The statute of another state has, of course, no extraterritorial force, but rights acquired under it will always, in comity, be enforced, if not against the public policy of the laws of the former. In such cases the law of the place where the right was acquired, or the liability was incurred, will govern as to the right of action; while all that pertains to the remedy will be controlled by the law of the state where the action is brought. And we think the principle is the same, whether the right of action be *ex contractu* or *ex delicto*.”

In volume 17 of *R. C. L.* at page 697, the author states:

“It is a fundamental principle of law that remedies are to be governed by the laws of the country where the suit is brought, although matters of substantive law are controlled by the *lex loci contractus* or the law of the jurisdiction in which the cause of action arose, among which are the time when a cause of action on a contract arises, and the character, construction and validity of the contract.”

So far as time is an element of the statute creating the cause of action or governing the time within which it may be brought, the following cases are instructive:

Theroux v. Northern Pacific Ry. Co., 64 Fed. 84,
12 C. C. A. 52;

*Brunswick Terminal Company v. National Bank of
Baltimore*, 99 Fed. 635; 40 C. C. A. 22.

This principle has been applied in various cases. Thus, a note executed in Nebraska and sued upon in Utah was involved in the case of *Crofoot v. Thatcher*, 19 Utah, 212, 57 Pac. 171. The statute of limitations was pleaded. The note was payable on demand. By the law of Nebraska an actual demand was necessary before the note became payable. By the law of Utah, as in Arizona, a demand note is payable from its date and the statute of limitations immediately commences to run. It was held that the note was governed by the laws of Nebraska and that the statute of limitations did not commence until an actual demand was made for payment.

So certain bonds were held to be governed by the law of the state where made with respect to the rate of interest.

U. S. v. North Carolina, 136 U. S. 211, 34 L. Ed. 336.

So where the laws of two states differed as to the time of the accrual of the right of action, the law of the state where the contract was made or was to be performed prevails.

Glenn v. Liggett, 135 U. S. 533, 34 L. Ed. 262.

And so the statute of frauds of the state where a contract is made governs the rights of the parties under the contract, and if invalid because not in writing in the state where made it is unenforcible in another state, even though by the laws of the latter state it would be valid if there made.

Wilson v. Lewiston Milling Co., 150 N. Y. 314, 44 N. E. 959.

And a complaint based upon a contract executed in the State of Kansas and sufficient under the laws of that state was held valid in an action brought in Massachusetts, even though it would not be valid under the laws of the latter state.

Hancock National Bank v. Ellis, 166 Mass. 414,
44 N. E. 349.

In *Sterrett v. Sweeney*, 15 Idaho 416, 98 Pac. 418, the action was based upon promissory notes executed and payable in the State of Washington. By the law of that state a partial payment tolled the statute of limitations and started it to running anew. The maker of the notes made certain payments. An action was later brought in the State of Idaho where part payment did not toll the statute. The statute of limitations of Idaho was pleaded. It was held that the law of Washington entered into and became a part of the contract evidenced by the notes and that the partial payments prevented their being barred even though had they been Idaho contracts an entirely different rule would have been applied. As the court said:

“If the notes sued upon were Washington contracts, then the laws of the State of Washington became a part of said contracts, and the effect upon such contracts of the payments made after the notes were due and before the statute of limitations had matured, was to fix a new date from which the statute would begin to run.”

It has been sought to distinguish this case for the reason that the maker of the note went to Idaho from Washington and there made the payments, but this was a mere incident referred to because it took place. The basis of the court's decision was the effect of the part payments on notes made and payable in Washington. It was the effect of the Washington law upon Washington contracts, and not the immaterial circumstances under which the payment was made that elicited from the court the statement of the rule announced in the opinion.

In a case involving a similar question where part payments were relied upon to toll the statute of limitations which had that effect in Kansas where the notes were payable, but not in Missouri, where they were sued upon, it was said:

“So the consequence of a part payment made in Kansas is to be determined by the law of Kansas, not by the law of Missouri.”

Theis v. Wood, 238 Mo. 643, 142 S. W. 431.

Limitation of the time within which an action may be brought is of course purely statutory. So, exceptions or matters that take a particular case out of the statute, are also statutory. The law of the forum applies to the mere time in which the action may be brought. Statutes which prescribe the effect of certain things, like part payment, acknowledgment of the debt, new promise, are a part of the substantive law which entered into the contract and

govern the rights of the parties to it no matter where the suit may be brought. This is illustrated by the case of *Theis v. Woods*, 238 Mo. 643, 142 S. W. 431, in which it was held that the effect of part payment as to taking the case out of the statute of limitations must be determined by the law of Kansas where the contract was made, but that the mere time for bringing the action was governed by the law of Missouri where the action was brought.

There can be no difference in principle between the rule relating to the effect of the part payment and the rule relating to the character of writing necessary to toll the statute. The parties made an Iowa contract. The contract was governed by the laws of Iowa. That law entered into and formed part of the contract. The substantive things, like the effect of part payment, the character and contents of an instrument necessary to set the statute to running again, the time of accrual of the right of action, and other things that might readily suggest themselves to the mind, are governed by the laws of the state which is the situs of the contract.

Indeed, a New York court has unqualifiedly held that a suit upon a contract to pay a trustee a monthly sum for the support of the wife, the 17-year statute of limitation of Connecticut where the contract was made was the statute that governed instead of the statute of New York where the suit was brought.

Mayncke v. Mayncke, 279 N. Y. Supp. 864.

XVIII.

The Claimed Practical Construction.

As we understand the argument of counsel, it is claimed that the parties placed upon the instrument of January 1st, 1927, what is asserted to be a practical construction and that is, that the instrument was understood by the parties to mean merely an agreement that Van Dyke would not pay the St. Ansgar Bank until the claim of Parker was adjusted. It must be borne in mind that whatever transactions took place between the St. Ansgar Bank and Van Dyke and Smith were between themselves and no one else. There is not a particle of evidence that Mr. Parker was a partner to those transactions or had anything to do with them or even knew of them prior to the dictating of the letter by Mr. Van Dyke. Mr. Parker testified that he went to Miami, Arizona, presented the matter of the notes to Mr. Van Dyke, and that they went to Phoenix, stayed there overnight and returned the next day; and that the letter of January 1st, 1927, was dictated after the return from Phoenix, and on January 1st he left Miami for Globe and took the sleeper out of Globe. [Tr. p. 197.] Mr. Van Dyke testified that the letter was dictated before the Phoenix trip. While the doctrine of practical construction is well recognized and applies wherever it should apply, there is nothing to invoke any such rule in this case. The parties never construed the instrument, practically or otherwise. It was written by Mr. Van Dyke with whatever legal consequences attached to it, and there was never any attempt made to limit the effect of it. It does not appear that up to the time Mr. Van Dyke dictated the instrument, or at any rate until the conversation between Parker and Van Dyke, that Parker knew anything about Van Dyke and Smith owing

the St. Ansgar Bank \$10,000. Some suggestion may have been made about attaching or otherwise holding up that payment in order to secure payment of Parker's notes, but surely an instrument as lengthy and comprehensive as the one written on January 1st, 1927, was not merely understood to relate to that one single matter, that is, the withholding of payment to the St. Ansgar Bank until Parker was settled with. Even that statement would be wholly inconsistent with the later claim that they owed Parker nothing because his debt was barred by the Statute of Limitations, which in itself would be a recognition of the existence of that debt. But the fact is that that was simply a suggestion of Mr. Van Dyke's relating to transactions with which Mr. Parker had nothing to do, but had reference to a possible mode of adjusting Parker's claim. When Parker was advised that Van Dyke owed the St. Ansgar Bank, according to the instrument written by Van Dyke, Parker notified Van Dyke that payment must not be made until his matter was adjusted, a position in which Van Dyke seems to have acquiesced. That the payment of Parker's notes was limited or tied up in any way with the payment due to the St. Ansgar Bank from Van Dyke has no basis either in the instrument or in anything outside of it. Parker had simply come to Miami and presented his notes and asked payment thereof. The instrument written by Mr. Van Dyke starts out with the statement that Mr. Parker had arrived a few days ago and asked a settlement of these particular notes, and then, after stating some other matters and that one note had been paid, Mr. Van Dyke proceeds:

“The two other notes have never been paid and form the basis of a demand on the part of Mr. Parker for payment at this time”.

There is obviously nothing from which there can be inferred any practical construction by the parties contrary to the instrument written by Mr. Van Dyke or limited to one phase of that instrument and naturally there is no finding of the court that there was any such practical construction.

XIX.

The Form of Action.

Arizona is one of those states having a code which abolishes forms of action and provides that the rights of parties shall be determined in a single form of action to be known as a civil action. The complaint is required by the statutes of that state to contain a plain and concise statement of the facts constituting or claimed to constitute a cause of action. The rule is familiar that in states having such codes the party is not required to classify his cause of action or to seek an analogy to some common law form of action. He merely sets forth the facts which he claims entitle him to relief, and if they do the court will award him the relief to which he may show himself entitled. When therefore, the plaintiff sets forth the facts in his complaint, the only question is whether upon those facts he is entitled to the relief sought or any relief regardless of what might be called the form of action. So the second amended complaint [Tr. p. 10 *et seq.*] sets forth the facts claimed to be asserted by the plaintiff. After the allegation of jurisdictional facts, he sets forth the making of the note (taking the first cause of action into consideration); sets forth the instrument which he claimed acknowledges the justness of the indebtedness; sets forth the absences of the defendant for the purpose

of preventing the running of the statute since the memorandum of January 1st, 1927; sets forth his ownership of the note and prays judgment for the indebtedness evidenced thereby. In the second cause of action the same allegations are set forth as to the other note. Whatever may be the rule with respect to bringing the action upon the original indebtedness or upon the renewed promise or instrument preventing the operation of the statute of limitations, or whatever it may be called, this complaint answers every purpose. With the system of pleadings in force in Arizona, where the facts, whatever they may be are set forth, followed by a prayer for whatever relief the plaintiff thinks himself entitled to, a good cause of action is stated if those facts do entitle the plaintiff to some relief regardless of the character of the action, and a complaint of this kind is perfectly good whether the action is brought on the original indebtedness or the new promise.

Cochran v. J. B. Coe Lumber Co., 82 S. W. (2d)
684.

See also as to the general rule:

Johnson v. Moore, 31 Ariz. 137, 250 Pac. 995.

It is respectfully submitted that the judgment should be affirmed.

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United States
Circuit Court of Appeals
For the Ninth Circuit.

FRANS VAN DER GRINTEN and CHARLES
BRUNING COMPANY, INC., a Corporation,
Appellants,
VS.

DIETERICH-POST COMPANY, a Corporation,
Appellee.

Transcript of Record

Upon Appeal from the District Court of the United
States for the Northern District of California,
Southern Division.

United States
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FRANS VAN DER GRINTEN and CHARLES
BRUNING COMPANY, INC., a Corporation,
Appellants,
vs.

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In Equity No. 3493-K.

FRANS VAN DER GRINTEN and CHARLES
BRUNING COMPANY, INC.,

Plaintiffs,

vs.

DIETERICH-POST COMPANY,

Defendant.

AMENDED BILL OF COMPLAINT.

To the Honorable Judges of the United States District Court for the Northern District of California, Southern Division.

FIRST: Frans Van der Grinten, of Venlo, Limburg, Netherlands and Charles Bruning Company,

Inc., a corporation of the State of New York, having its principal place of business at No. 102 Reade Street, New York City, N. Y., bring this, their bill of complaint, against Dieterich-Post Company, a corporation of the State of California, having its principal place of business at San Francisco, California, and for cause of action the plaintiffs say:

SECOND: This is a suit in equity arising under the Patent Laws of the United States for infringement of Patent No. 1,821,281, dated September 1st, 1931, for Manufacture of Diazo-Types and for infringement of Patent No. 1,841,653 dated January 19th, 1932, for Process for Developing Positive Diazo Prints.

THIRD: Plaintiffs allege, on information and belief, that prior to December 11, 1926, February 10, 1927, and March 16, 1927, the convention filing dates or the effective [1*] filing date of the application upon which said Patent No. 1,821,281 was granted, the inventors Karel Van der Grinten and Louis Van der Grinten named therein were the first, original and joint inventors of the improvements and invention covered by said Letters Patent, which improvements and invention were not known or used by others in this country before their invention or discovery thereof and were not patented or described in any printed publication in this or any foreign country before their invention or discovery thereof or more than two years prior to said filing date, and were not in public use or on sale in this

*Page numbering appearing at the foot of page of original certified Transcript of Record.

country for more than two years prior to said filing date, and which had not been abandoned nor patented nor caused to be patented by them or their legal representatives or assigns in any foreign country upon an application filed more than twelve months prior to said filing date, that on said filing date they duly filed in the United States Patent Office an application for Letters Patent for said invention, and that on said date of issue all other requirements of the Statutes of the United States then in force having been duly complied with, the said Letters Patent was issued on said application to the said Frans Van der Grinten, as assignee of said applicants, said Letters Patent is now in full force and effect and plaintiffs are ready here in court to produce it or a duly certified copy thereof.

FOURTH: Plaintiffs allege, on information and belief, that prior to August 22, 1927 and May 23, 1928, the convention filing dates or the effective filing date of the application upon which said Patent No. 1,841,653 was granted, the inventors Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten, named therein were the [2] first, original and joint inventors of the improvements and invention covered by said Letters Patent, which improvements and invention were not known or used by others in this country before their invention or discovery thereof and were not patented or described in any printed publication in this or any foreign country before their inven-

tion or discovery thereof or more than two years prior to said filing date, and were not in public use or on sale in this country for more than two years prior to said filing date, and which had not been abandoned nor patented nor caused to be patented by them or their legal representatives or assigns in any foreign country upon an application filed more than twelve months prior to said filing date, that on said filing date they duly filed in the United States Patent Office an application for Letters Patent for said invention, and that on said date of issue all other requirements of the Statutes of the United States then in force having been duly complied with, the said Letters Patent was issued on said application to the said Frans Van der Grinte, as assignee of said applicants, said Letters Patent is now in full force and effect and plaintiffs are ready here in court to produce it or a duly certified copy thereof.

FIFTH: By reason of the grants of the said patents Nos. 1,821,281 and 1,841,653, to Frans Van der Grinten, he now owns the entire right, title and interest in and to said patents and the inventions covered thereby, together with all the accrued rights of action, either at law or in equity for past infringements thereof, his right, title and interest being limited only to the extent set forth in the following paragraph. [3]

SIXTH: On August 1st, 1929, the said two plaintiffs entered into an agreement whereby Frans Van der Grinten granted to the other plaintiff

Charles Bruning Company, Inc., an exclusive license to make, use and sell the said patented inventions within the United States, its territories and possessions, which said exclusive license is in full force and effect and proof of which plaintiffs are ready here in court to produce.

SEVENTH: That by virtue of said exclusive license the plaintiff Frans Van der Grinten is the owner of the legal title to the said two patents and inventions and the plaintiff Charles Bruning Company, Inc., is the owner of the equitable title to said two patents and inventions, and that the latter is the real party in interest in this suit and the inventions patented in the said two patents are susceptible of joint use and practice.

EIGHTH: The inventions patented as aforesaid are of great commercial value and have been used extensively by the plaintiffs. The public in general, with the exception of said defendant, has recognized plaintiffs' rights thereunder and has acquiesced in the validity of said Letters Patents.

NINTH: Plaintiffs allege, on information and belief, that said defendant without the license or allowance of said plaintiffs, within six years last past in the Northern District of California, and elsewhere in the United States, has infringed said Letters Patents No. 1,821,281 and No. 1,841,653, wherefore plaintiffs have been damaged and defendant has profited.

TENTH: The defendant has been duly notified of [4] its infringement of said Letters Patents and

of plaintiffs' rights thereunder, but the defendant has continued to infringe and threatens to continue such infringement to the great loss and irreparable damage to the plaintiffs.

WHEREFORE, the plaintiffs pray:

1. That defendant be made to answer this bill of complaint, but not under oath, an answer under oath being hereby expressly waived.

2. For writ of injunction as well preliminary as permanent, issuing out of and under the seal of this court, enjoining and restraining said defendant, its officers, agents, servants and workmen from further infringement of said patent.

3. For costs and an accounting of profits and damages and that the damages assessed may be trebled.

4. For such other and further relief as the circumstances of the case may require.

Dated, March 30, 1935.

FRANS VAN DER GRINTEN and
CHARLES BRUNING COMPANY, INC.,

By WM. S. GRAHAM,
Their Solicitor.

WM. S. GRAHAM,

57 Post St., San Francisco,

Attorney for Plaintiffs.

WRAY N. HOFFMAN,

IVAN E. A. KONIGSBERG,

Of Counsel. [5]

STIPULATION FOR FILING AMENDED
BILL OF COMPLAINT.

IT IS HEREBY STIPULATED that the foregoing Amended Bill of Complaint may be filed, subsequent to the trial of the cause, in lieu of original Bill of Complaint filed January 27, 1933, and its subsequent Amendments, for the purpose of consolidating Plaintiff's original Bill of Complaint and Amendments thereto into one pleading for the purpose of simplifying record on Appeal in case Appeal shall be taken by either party.

WRAY N. HOFFMAN

WM. S. GRAHAM

Attorneys for Plaintiffs

ASA G. KAZEBEER

ARLINGTON C. WHITE

Attorneys for Defendant

Approved and so ordered this 8 day of April,
1935.

A. F. ST. SURE

United States District Judge.

[Endorsed]: Filed Apr. 8, 1935. [6]

[Title of Court and Cause.]

AMENDED ANSWER TO PLAINTIFFS'
BILL OF COMPLAINT.

Comes now the defendant, and for answer to plaintiffs' Bill of Complaint filed in the above entitled cause, or to so much or such parts thereof

as it is advised it is necessary or material for it to make answer unto, and reserving unto itself all manner of benefit and advantage, by exception or otherwise, which can or may be had or taken to the manifold errors, insufficiencies and uncertainties and imperfections in said Bill of Complaint contained, and answering says:

Defendant denies each and every allegation in said Bill of Complaint contained, except as hereinafter admitted or specifically answered or avoided, and demands strict proof of each and every such allegation.

Defendant now makes answer to the Bill of Complaint by paragraphs as follows:

I.

Answering Paragraph "First" of the Bill of Complaint, defendant alleges that it is without knowledge, and is not informed, except by the Bill of Complaint herein, as to whether or not Frans Van der Grinten is a resident of Venlo, Limburg, Netherlands, or [7] whether or not plaintiffs, Charles Bruning Company Inc. is a corporation of the State of New York, having its principal place of business at No. 102 Reade Street, New York City, N. Y., and therefore leaves plaintiffs to their proofs thereon; admits that it is a corporation, duly organized and existing under the laws of the State of California, having its principal place of business at San Francisco, California.

II.

Answering Paragraph "Second" of the Bill of Complaint, defendant admits the jurisdiction of this Honorable Court and that this suit is brought for an alleged infringement of Patent No. 1,821,281, dated September 1st, 1931, for Manufacture of Diazo-Types and for infringement of Patent No. 1,841,653, dated January 19th, 1932, for Process for Developing Positive Diazo Prints, but denies that it has in any way infringed said Letters Patent, or either thereof.

III.

Answering Paragraph "Third" of the Bill of Complaint, defendant denies that Karel Van der Grinten and Louis Van der Grinten were, or that either of them was, within the meaning of the Statutes of the United States, in force on the 6th day of June, 1927, or at any time, the first, original and joint inventors, or the first, or the original, or the joint inventors, or that either of them was the sole inventor of the alleged improvements and alleged invention, or the alleged improvements, or the alleged invention alleged to be covered by said alleged Letters Patent No. 1,821,281; denies that said Karel Van der Grinten and Louis Van der Grinten were, or that either of them was entitled to a patent thereunder under the provisions of said Statutes; and denies each and every, all and singular, all the other allegations contained in said Paragraph "Third" [8] of said Bill of Complaint.

IV.

Answering Paragraph "Fourth" of the Bill of Complaint, defendant denies that Lodewijk Pieter Frans Van der Grinten and Karel Jan Joseph Van der Grinten were, or that either of them was, within the meaning of the Statutes of the United States, in force on the 11th day of August, 1928, or at any time, the first, original and joint inventors, or the first, or the original, or the joint inventors, or that either of them was the sole inventor of the alleged improvements and alleged invention, or the alleged improvements, or the alleged invention alleged to be covered by said alleged Letters Patent No. 1,841,653; denies that said Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten were, or that either of them was entitled to a patent thereunder under the provisions of said Statutes; and denies each and every, all and singular, all the other allegations contained in said Paragraph "Fourth" of said Bill of Complaint.

V.

Answering Paragraph "Fifth" of said Bill of Complaint defendant denies each and every, all and singular, the allegations contained in Paragraph "Fifth" of said Bill of Complaint.

VI.

Answering Paragraph "Sixth" of said Bill of Complaint, defendant denies each and every, all and singular, the allegations therein contained.

VII.

Answering Paragraph “Seventh” of said Bill of Complaint, defendant denies each and every, all and singular, the allegations therein contained. [9]

VIII.

Answering Paragraph “Eighth” of said Bill of Complaint, defendant denies that said alleged inventions alleged to have been patented, as set forth in said Bill of Complaint, are of great, or any commercial value; and denies that said alleged inventions have been used extensively by the plaintiffs; and denies that the public in general, with the exception of defendant, has recognized plaintiffs’ rights thereunder; and denies that the public in general, with the exception of defendant, has acquiesced in the validity of said Letters Patents described or referred to in said Complaint.

IX.

Answering Paragraph “Ninth” of the Bill of Complaint, defendant denies that it has infringed upon said Letters Patents, or either thereof, within the Northern District of California and/or elsewhere in each, or any of the several states of the United States of America; and also denies any infringement whatsoever of any rights of the plaintiffs, or either of them, in the premises, and further denies that any act, or intended act, or manufacture, or sale, or use of Diazo-Types and/or any processes for developing positive Diazo-Prints by the defend-

ant, is in violation of any legal right of the plaintiffs, or either of them, in the premises.

X.

Answering Paragraph "Tenth" of the Bill of Complaint, defendant admits that it has received written notice of said Letters Patents from plaintiffs' counsel prior to the filing of this suit, but denies that it has infringed, or that it has threatened, or is now threatening to continue to infringe said Letters Patent, or either thereof, and [10] also denies that the plaintiffs, or either of them, has suffered any loss and/or damage whatsoever by reason of any wrongful act or infringement by the defendant in the premises.

XI.

Further answering, defendant, upon information and belief, avers that said Letters Patent No. 1,821,281 is invalid and void for the following reasons:

(A) Because prior to the alleged invention by the said Karel Van der Grinten and Louis Van der Grinten, or either of them, of the alleged improvements therein described and claimed, or more than two years prior to their application for Letters Patent therefor, the said alleged improvements, or all material and substantial parts thereof, had been patented or described in printed publications as follows, to-wit:

UNITED STATES LETTERS PATENT

| Number | Patentee | Date |
|-----------|---------------|-------------------|
| 1,444,469 | Kalle & Co. | February 6, 1923 |
| 1,483,797 | Green et al. | February 12, 1924 |
| 1,587,270 | Beebe, et al. | June 1, 1926 |
| 1,752,174 | Hall | March 25, 1930 |
| 1,753,708 | Lehmann | April 8, 1930 |

BRITISH LETTERS PATENT

| | | |
|---------|---------------------|------------------|
| 7,453 | Green, Cross et al. | April 18, 1891 |
| 10,766 | Abel | April 13, 1895 |
| 210,862 | Kalle & Co. | February 7, 1924 |
| 238,704 | Imray | August 27, 1925 |

[11]

DUTCH LETTERS PATENT

| | | |
|--------|-------------|------------------|
| 14,150 | Kalle & Co. | January 15, 1926 |
|--------|-------------|------------------|

FRENCH LETTERS PATENT

| | | |
|-------------|-------------|---------------|
| Add. 30,585 | Kalle & Co. | April 6, 1926 |
|-------------|-------------|---------------|

GERMAN LETTERS PATENT

| | | |
|---------|---------------|-----------------|
| 53,455 | Feer | August 19, 1890 |
| 56,606 | Green, et al. | April 8, 1891 |
| 379,998 | Kalle & Co. | Aug. 31, 1923 |
| 386,433 | Kalle & Co. | Dec. 8, 1923 |

DANISH LETTERS PATENT

| | | |
|--------|--|---------------|
| 33,465 | | July 21, 1924 |
|--------|--|---------------|

PUBLICATIONS

Photographic Correspondenz by Andresen, 1895.

Ruff & Stein-Berichte 34, 1901, 1668.

Eders Jahrbuch fur Photographie, 1896, page 261.

Photographische Korrespondenz, June Issue, 1895.

Photochemische Studien 1894, Page 45.

Photographische Mitteilungen, Part 37, Page 263.

Journal of the Chem. Soc. 1907, page 35.

The Amateur Photographer, 1907, page 148.

Berliner Berichte 1902, Part 34, Page 1668.

Kodak Abstracts 1924, page 29.

Plotnikow, Lehrbuch der Allgemeinen Photochemie, 1920, page 540, et seq.

Eder-Ausfuhrliches Handbuch der Photographie, 1926, Vol. 4, Part 2, page 469 et seq. [12]

Anleitung zur Herstellung von negativen und positiven Lichtpausen von G. Mercator. Druck und Verlag von Wilhelm Knapp, Halle, a.d.s. 1899 (Information for making negative and positive light prints by G. Mercator—printed and published by Wilhelm Knapp, Halle a.d.s. 1899, pages 50 to 53 incl.)

Chemie en Industrie Bijblad van het Chemisch Weekblad (Dutch) July 23, 1927.

Chemie en Industrie Bijblad van het Chemisch Weekblad (Dutch) August 13, 1927.

Deutscher Buch und Steindrucker, Oct. 1924, page 62.

Creative Chemistry, by Edwin E. Slosson, Oct. 1919, pp. 88, 89.

Chemistry in Industry, Vol. I, 1924, pp. 319-328 inclusive, of article entitled "Photography or Picture Making by Light".

Industrial Organic Chemistry by Sadtler and Matos, 5th Ed. (1923), pp. 511, 611.

(B) Because prior to the alleged invention by the said Karel Van der Grinten and Louis Van der Grinten of the alleged improvements described and claimed, the same, or all material and substantial part or parts thereof had been known and used by others in the United States, and particularly by the following, to-wit:

(1) The patentees and assignees of the patents listed in XI (A) of this Answer, of and at the places of residence appearing on such patents, and elsewhere in the United States.

(2) Eugene Dietzgen Co., 523 Market Street, San Francisco, California,

(3) Kauffel & Esser Co., 30 - 2nd Street, San Francisco, California.

(4) A. Lietz Co., 61 Post Street, San Francisco, California,

(5) Frederick Post Company, Hamlin & Avondale Avenues, Chicago, Illinois.

(6) Pacific Gas & Electric, 245 Market Street, San Francisco, California, [13]

(7) Pacific Telephone & Telegraph Company, 140 New Montgomery Street, San Francisco, California.

(8) Brownline Process Co., 1123 Pike Street, Seattle, Washington,

(9) J. H. Weil, 1315 Cherry Street, Philadelphia, Pennsylvania,

(10) Oliver A. Hall, 7510 East Greenlake Way, Seattle, Washington, and

(11) Eastman Kodak Company, 241 Battery Street, San Francisco, California,

and by others whose names, residences and the places of knowledge and use defendant begs leave to affix hereto hereafter, by amendment or other wise, when it has fully ascertained the same.

(C) Because more than two years prior to the filing of application for said Letters Patent, 1,821,281 the alleged invention had been in public use or on sale within the United States, and particularly by the persons and/or companies named in the preceding sub-paragraph (B) hereof, and by others whose names, residences and the places of knowledge and use defendant begs leave to affix hereto hereafter, by amendment or otherwise, when it has fully ascertained the same.

XII.

Further answering, defendant, upon information and belief, avers that said Letters Patent No. 1,841,653 is invalid and void for the following reasons:

(A) Because prior to the alleged invention by the said Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten, or either of them, of the alleged improvements therein described and claimed, or more than two years prior

to their application for Letters Patent therefor, the said alleged improve- [14] ments, or all material and substantial parts thereof, had been patented or described in printed publications as follows, to-wit:

UNITED STATES LETTERS PATENT

| Number | Patentee | Date |
|-----------|--------------|-------------------|
| 1,057,712 | Crompton | April 1, 1913 |
| 1,169,096 | Thornton | January 18, 1916 |
| 1,202,921 | Trabue | October 31, 1916 |
| 1,444,469 | Kalle & Co. | February 6, 1923 |
| 1,483,797 | Green et al. | February 12, 1924 |
| 1,587,270 | Beebe et al. | June 1, 1926 |
| 1,724,666 | Kogel | August 13, 1929 |
| 1,752,174 | Hall | March 25, 1930 |
| 1,753,708 | Lehmann | April 8, 1930 |
| 1,756,400 | Kalle & Co. | April 29, 1930 |
| 1,841,801 | Gay | Jan. 19, 1932 |
| 1,843,822 | Kogel | Feb. 2, 1932 |

GERMAN LETTERS PATENT

| | | |
|---------|----------------|----------------|
| 427,570 | Gronau | April 10, 1926 |
| 441,888 | Winkler et al. | March 15, 1927 |

DANISH LETTERS PATENT

| | |
|--------|---------------|
| 33,465 | July 21, 1924 |
|--------|---------------|

PUBLICATIONS

Photographic Correspondenz by Andresen, 1895.

Ruff & Stein—Berichte 34, 1901, 1668. [15]

Eders Jahrbuch fur Photographie, 1896, page 261.

Photographische Korrespondenz, June Issue, 1895.

Photochemische Studien 1894, Page 45.

Photographische Mitteilungen, Part 37, Page 263.

Journal of the Chem. Soc. 1907, page 35.

The Amateur Photographer, 1907, page 148.

Berliner Berichte 1902, part 34, page 1668.

Kodak Abstracts 1924, page 29.

Plotnikow, Lehrbuch der Allgemeinen Photochemie, 1920, page 540, et seq.

Eder-Ausführliches Handbuch der Photographie, 1926, Vol. 4, Part 2, page 469 et seq.

Anleitung zur Herstellung van negativen und positiven Lichtpausen von G. Mercator. Druck und Verlag von Wilhelm Knapp, Halle, a.d.s. 1899 (“Information for making negative and positive light prints by G. Mercator—printed and published by Wilhelm Knapp, Halle a.d.s. 1899, pages 50 to 53 incl.”)

Chemie en Industrie Bijblad van het Chemisch Weekblad (Dutch) July 23, 1927.

Chemie en Industrie Bijblad van het Chemisch Weekblad (Dutch) August 13, 1927.

Deutscher Buch und Steindruckerei, Oct. 1924, page 62. [16]

Creative Chemistry, by Edwin E. Slosson, October 1919, pp. 88, 89.

Chemistry in Industry, Vol. I, 1924, pp. 319-328 inclusive, of Article entitled “Photography, or Picture Making by Light”.

Industrial Organic Chemistry by Sadtler and Matos, 5th Ed. (1923), pp. 511, 611.

(B) Because prior to the alleged invention by the said Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten of the alleged improvements described and claimed, the same, or all material and substantial part or parts thereof had been known and used by others in the United States, and particularly by the following, to-wit:

(1) The patentees and assignees of the patents listed in Paragraph XII (A) of this Answer, of and at the places of residence appearing on such patents, and elsewhere in the United States.

(2) Eugene Dietzgen Co., 523 Market Street, San Francisco, California,

(3) Kauffel & Esser Co., 30 - 2nd Street, San Francisco, California,

(4) A. Lietz Co., 61 Post Street, San Francisco, California,

(5) Frederick Post Company, Hamlin & Avondale Avenues, Chicago, Illinois,

(6) Pacific Gas & Electric, 245 Market Street, San Francisco, California,

(7) Pacific Telephone & Telegraph Company, 140 New Montgomery Street, San Francisco, California,

(8) Brownline Process Co., 1123 Pike Street, Seattle, Washington, [17]

(9) J. H. Weil, 1315 Cherry Street, Philadelphia, Pennsylvania,

(10) Oliver A. Hall, 7510 East Greenlake Way, Seattle, Washington,

(11) Eastman Kodak Company, 241 Battery Street, San Francisco, California, and by others whose names, residences and the places of knowledge and use defendant begs leave to affix hereto thereafter, by amendment or otherwise, when it has fully ascertained the same.

(C) Because more than two years prior to the filing of application for said Letters Patent, No. 1,841,653, the alleged invention had been in public use or sale within the United States, and particularly by the persons and/or companies named in the preceding sub-paragraph (B) hereof, and by others whose names, residences and the places of knowledge and use defendant begs leave to affix hereto hereafter, by amendment or otherwise, when it has fully ascertained the same.

XIII.

Further answering, defendant avers upon information and belief, that the alleged improvements or invention purporting to be covered by said Letters Patent No. 1,821,281 were not, nor were any of them new and useful at the time of the alleged invention thereof by said Karel Van der Grinten and Louis Van der Grinten, and were wholly devoid of value and utility and are not the subject matter of valid Letters Patent.

XIV.

Further answering, defendant avers upon information and belief, that the alleged improvements or invention purporting to be covered by said Let-

ters Patent No. 1,841,653 were not, nor were any of them new and useful at the time of the alleged invention thereof by said Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten, and were wholly devoid of value and utility and are not the subject matter of valid Letters Patent. [18]

XV.

Further answering, defendant avers upon information and belief, that the alleged improvements or invention purporting to be covered by said Letters Patent No. 1,821,281, and particularly the claims thereof, were devoid of substantial novelty or invention in view of the well known state of the art as shown by the prior patents and publications and prior knowledge and use by others, all as hereinabove in this answer set forth, as well as other practices commonly known to and used by the public, particularly with reference to the manufacture of diazo-types and the developing of positive diazo-prints long prior to the alleged invention thereof by the said Karel Van der Grinten and Louis Van der Grinten, or either of them, and did not constitute patentable subject matter of invention or discovery within the meaning of the Patent Laws. Wherefore, said claims, and each and all thereof, in said Letters Patent No. 1,821,281, is invalid and void.

XVI.

Further answering, defendant avers upon information and belief, that the alleged improvements or

invention purporting to be covered by said Letters Patent No. 1,841,653, and particularly the claims thereof, were devoid of substantial novelty or invention in view of the well known state of the art as shown by the prior patents and publications and prior knowledge and use by others, all as hereinabove in this answer to set forth, as well as other practices commonly known to and used by the public, particularly with reference to the manufacture of diazo-types and the developing of positive diazo-prints long prior to the alleged invention thereof by the said Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten, or either of them, and did not constitute patentable subject matter of invention or discovery within the [19] meaning of the Patent Laws. Wherefore, said claims, and each and all thereof, in said Letters Patent No. 1,841,653, is invalid and void.

XVII.

Defendant further answering, avers upon information and belief that said Letters Patent No. 1,821,281 does not, nor does any claim thereof disclose patentable subject matter within the meaning of the Patent Laws, and that on the contrary, said Letters Patent sets forth and describes only old and familiar means of common knowledge and use long prior to the alleged invention thereof by said Karel Van der Grinten and Louis Van der Grinten, or either of them, and which were within the reach and at the disposal of any person working in the manu-

facturing or using of diazo-types and/or diazo-prints, or of any person desiring to use the same at the time of and for use before the alleged invention thereof by the said Karel Van der Grinten and Louis Van der Grinten, and that the details thereof represent only ordinary skill of chemistry, photography, and the developing of diazo-prints commonly employed in the industry to which the alleged invention of said Letters Patent pertains, wherefore, said Letters Patent are invalid and void.

XVIII.

Defendant further answering, avers upon information and belief that said Letters Patent No. 1,-841,653 does not, nor does any claim thereof disclose patentable subject matter within the meaning of the Patent Laws, and that on the contrary, said Letters Patent sets forth and describes only old and familiar means of common knowledge and use long prior to the alleged invention thereof by said Lodewijk Pieter Frans Van der Grinten and Karl Jan Josef Van der Grinten, or either of them, and which were [20] within the reach and at the disposal of any person working in the manufacturing or using of diazo-types and/or diazo-prints, or of any person desiring to use the same at the time of and for use before the alleged invention thereof by the said Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten, and that the details thereof represent only ordinary skill of chemistry, photography, and the developing of diazo-prints

commonly employed in the industry to which the alleged invention of said Letters Patent pertains, wherefore, said Letters Patent are invalid and void.

XIX.

Defendant further answering avers upon information and belief, that the claim of said Letters Patent No. 1,821,281 is so limited and restricted by the prior art, as well as by the actions of said Karel Van der Grinten and Louis Van der Grinten in prosecuting the application therefor, and particularly by the limitations and restrictions made therein under the requirements of the Commissioner of Patents before said application was allowed, that said claim of said Letters Patent is now specifically limited and restricted to the particular uses therein described and that plaintiffs are estopped to claim a broader construction for such claims.

XX.

Defendant further answering, avers upon information and belief, that the claim of said Letters Patent No. 1,841,653 is so limited and restricted by the prior art, as well as by the actions of said Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten in prosecuting the application therefor, and particularly by the limitations and restrictions made therein under the requirements of the Commissioner of Patents before said [21] application was allowed, that said claim of said Letters Patent is now specifically limited and restricted to the particular uses therein described

and that plaintiffs are estopped to claim a broader construction for such claims.

XXI.

Defendant further answering, avers upon information and belief, that the said Karel Van der Grinten and Louis Van der Grinten were not, nor was either of them, the original, first and/or the sole inventor or discoverer of the alleged improvements purported to be covered by said Letters Patent No. 1,821,281, or of any material or substantial parts thereof, but that the said Karel Van der Grinten and Louis Van der Grinten surreptitiously and unjustly obtained said Letters Patent No. 1,821,281 for that which was not their own invention or discovery, nor the invention or discovery of either of them, but which was in fact made by others who were using reasonable diligence in adapting and perfecting the same, to-wit, the parties set forth in paragraph XI (A) of this answer, and the persons or companies set forth in paragraph XI (B) of this answer, and those whose names are not now definitely known to defendant but which defendant prays leave to affix hereto hereafter, by amendment or otherwise, after having ascertained the same.

XII.

Defendant further answering, avers upon information and belief, that the said Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten were not, nor was either of them, the

original, first and/or the sole inventor or discoverer of the alleged improvements purported to be covered by said Letters Patent No. 1,841,653, or of any material or substantial parts thereof, but that the said Lodewijk Pieter Frans Van der [22] Grinten and Karel Jan Josef Van der Grinten surreptitiously and unjustly obtained said Letters Patent No. 1,841,653 for that which was not their own invention or discovery, nor the invention or discovery of either of them, but which was in fact made by others who were using reasonable diligence in adapting and perfecting the same, to-wit, the parties set forth in paragraph XII (A) of this answer, and the persons or companies set forth in paragraph XII (B) of this answer, and those whose names are not now definitely known to defendant but which defendant prays leave to affix hereto hereafter, by amendment or other wise, after having ascertained the same.

XXIII.

Defendant further answering, avers upon information and belief, that the specification of said Letters Patent No. 1,821,281 is incomplete and ambiguous and does not describe the useful and patentable invention or inventions, nor describe the manufacture of diazo-types or diazo-prints and/or the manner of using the alleged process or invention, or the alleged improvements referred to and/or the constituent elements thereof in such full, clear and exact terms as to enable any person skilled in the alleged art or science to which the same pertains to

make and use the same, wherefore said Letters Patent are invalid and void.

XXIV.

Defendant further answering, avers upon information and belief, that the specification of said Letters Patent No. 1,841,653 is incomplete and ambiguous and does not describe the useful and patentable invention or inventions, nor describe the manufacture of diazo-types or diazo-prints and/or the manner of using the alleged process or invention, or the alleged improvements referred to, and/or the constituent elements thereof in [23] such full, clear and exact terms as to enable any person skilled in the alleged art or science to which the same pertains to make and use the same, wherefore said Letters Patent are invalid and void.

XXV.

The defendant, further answering, avers that the Letters Patent No. 1,821,281 are void as the claims thereof are for nonpatentable aggregation as distinguishable from a patentable combination.

XXVI.

The defendant, further answering, avers that the Letters Patent No. 1,841,653 are void as the claims thereof are for non-patentable aggregation as distinguishable from a patentable combination.

XXVII.

Alleges that the claims set forth in Letters Patent No. 1,821,281 are not distinct.

XXVIII.

Alleges that the claims set forth in Letters Patent No. 1,841,653 are not distinct.

XXIX.

Alleges that Karel Van der Grinten and Louis Van der Grinten during the prosecution in the Patent Office attempted to expand a simple invention of a distinct process into all embracing claims calculated by wide, generous and ambiguous language to discourage the further invention in the same department of industry and to cover antecedent inventions.

XXX.

Alleges that Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten during the prosecution in the [24] Patent Office attempted to expand a simple invention of a distinct process into all embracing claims calculated by wide, generous and ambiguous language to discourage the further invention in the same department of industry and to cover antecedent inventions.

XXXI.

That said Letters Patents referred to in plaintiffs' Bill of Complaint and each of said Letters Patents contains a repetition of substantially the

same claim in different words, and that each of said Letters Patents contains specifications which, by ambiguity and a needless multiplication of nebulous claims, is calculated to deceive and mislead the public.

WHEREFORE, defendant prays to be hence dismissed with its costs and charges in this behalf most wrongfully sustained.

DIETERICH-POST COMPANY

By JAMES W. DIETERICH

Vice-Pres.

ASA G. KAZEBEER

Solicitor for Defendant.

PAUL D. FLEHR

ARLINGTON C. WHITE

of Counsel

Crocker Bldg.

San Francisco [25]

STIPULATION FOR FILING AMENDED
ANSWER TO PLAINTIFFS' BILL
OF COMPLAINT

IT IS HEREBY STIPULATED that the foregoing Amended Answer to Plaintiffs' Bill of Complaint may be filed, subsequent to the trial of the cause, in lieu of Defendant's original Answer to Plaintiffs' Bill of Complaint filed on or about March 20, 1933, and subsequent amendments thereto, for the purpose of consolidating Defendant's original Answer and amendments thereto into one plead-

ing for the purpose of simplifying record on Appeal, in case Appeal be taken by either party.

ASA G. KAZEBEER

ARLINGTON C. WHITE

Attorneys for Defendant

WRAY N. HOFFMAN

WM. S. GRAHAM

Attorneys for Plaintiffs

Approved and so ordered this 8th day of April, 1935.

A. F. ST. SURE

United States District Judge

[Endorsed]: Filed April 8, 1935. [26]

[Title of Court and Cause.]

Before Kerrigan, District Judge.

Ivan E. A. Konigsberg, Esq., of New York City, New York, Wray N. Hoffman, Esq., of Washington, D. C. and W. S. Graham, Esq., of San Francisco, California, solicitors for plaintiffs. Messrs. Arlington C. White and Asa G. Kazebeer, of San Francisco, California, solicitors for defendant.

MEMORANDUM OPINION.

There are some phases of this case which call for comment in addition to my rulings on the allowance of contested findings.

I believe that plaintiffs' patents No. 1,821,281 and No. 1,841,653 are valid and that the claims of patent No. 1,821,281 when read in connection with the specifications and the examples given are not unwarrantedly broad. Plaintiffs' Finding 13, the first of those not stipulated, is allowed with the following changes: (1) strike from line 3 thereof the words "remains white" and substitute the words "resists discoloration to an appreciable extent"; (2) at the end of the finding after the word "prints", change the period to a comma and add "the light sensitive layer containing a reducing agent."

Plaintiffs' finding 14 is allowed with the following changes: (1) in line 3 of said finding strike out the words "stays white" and substitute the words "resists discoloration [27] to an appreciable extent"; and (2) at the end of the finding after the word "prints", change the period to a comma and add "the light sensitive layer containing a reducing agent."

Plaintiffs' findings 15 and 16 are allowed.

As to the validity of the second patent No. 1,841,653, I do not believe that the first Kalle patent, U. S. No. 1,444,469 and the Gronau German patent No. 427,570 taken together anticipate this patent or render it invalid because of the disclosures therein. Accordingly Plaintiffs' findings Nos. 17-20, inclusive are allowed.

On the issue of infringement of the first patent there are two fundamental questions. First, is the thiourea present in the light sensitive layer of the

Diepo paper sold by defendant a reducing agent? Second, does the patent cover inorganic reducing agents such as the sodium thiosulphate used in defendant's developer as well as organic reducing agents? Plaintiffs' experiment indicates that thiourea resists discoloration to some extent, but that is not the test. Plaintiffs' patent covers the process of arresting discoloration only when accomplished by introducing a reducing agent at some stage of making the print so that it is present in the background of the finished print. Plaintiffs' theory of this invention is that the discoloration of the backgrounds is due to the oxidation resulting from exposure to the atmosphere, and that a reducing agent which remains colorless when oxidized counteracts the tendency of the chemicals in the background to themselves, oxidize and darken. Is thiourea such a reducing agent? I do not believe that the evidence shows that it is. It may be that there are circumstances in which thiourea acts as a reducing agent, but I do not believe that is important if it does not [28] do so when used in connection with the chemicals present in the backgrounds of diazo prints. Dr. Loevenich's deposition goes to the heart of this question. He testifies that thiourea forms an addition compound with a certain chemical present in the background of the finished print and that this compound discolors less easily and is more resistant to oxidation than the substance before reacting with thiourea. He also tells of tests which show that thiourea is not sub-

ject to oxidation. I find that thiourea as used in the light sensitive layer on defendant's paper is not a reducing agent, although it does arrest discoloration. This was the view taken by the German Patent Office in ruling on the opposition by the Van der Grintens to the first Kalle patent. The claims of this patent which call for the presence of a reducing agent in the light sensitive layer on the paper, namely claims Nos. 7, 8, 16, 40 and 41 are not infringed.

Passing to the second question, I do not believe that the patentees' indication that organic reducing agents are preferred excludes inorganic reducing agents from the scope of the patent. It is conceded that sodium thiosulphate, commonly known as hypo, is an inorganic reducing agent. It is contended by defendant that the use of sodium thiosulphate was so well known in the blue printing and allied arts that any skilled workman would naturally use it. True, it was used in the art, but for a different purpose. It was used as a solvent of chemicals insoluble in water in the blue print and sepia processes. If an artisan had used it, it would have been as the result of fumbling, and not with an understanding of its chemical function as a reducing agent. The prior art did not teach its use in this connection.

The filing of the disclaimer as to the sodium thiosulphate claims of the second patent does not affect the issues as to the first patent. Plaintiffs' first patent was a broad one on the [29] use of reducing

agents for the stated purpose. An intermediate patent on the use of the thiosulphate was granted to an Englishman, Murray, and his date of reduction to practice in this country was approximately one month before the corresponding date for plaintiffs' second patent. The Murray patent is upon an improvement upon plaintiffs' first patent which has priority over plaintiffs' second patent. The disclaimer was properly filed as to the second patent, but that does not alter the fact that the use of thiosulphate as a reducing agent infringes plaintiffs' first patent.

A reducing agent tending to arrest discoloration is present in the background of the diazo prints made with the materials sold for that purpose by defendant and is present in defendant's developer. Accordingly claims 1 and 25 of said first patent are infringed. Sodium thiosulphate is neither an aliphatic compound nor an amino compound; therefore claims 3 and 4 of said patent are not infringed. Plaintiffs' findings 22 and 23 are disallowed. Let findings in accordance with these views be prepared in lieu thereof.

I find from the evidence that defendant has infringed all of the claims of the second patent, No. 1,841,653, which are in suit, by offering for sale its sensitive paper and developer and device for applying the developer in a uniformly thin film called the No-Ink Developer, and I accordingly allow plaintiffs' finding No. 24.

Defendant claims that it bought its paper and chemicals from a German company which had a

license from Kalle and Co., which in turn has a license from the Van der Grintens. On analysis, I find that the evidence on this point is unsubstantial and inconclusive. The licenses were not introduced in evidence, and there is no showing that licenses from the Van der Grintens to Kalle and Co. covered the right to carry on [30] plaintiffs' processes in the United States. Dr. Van der Grinten's testimony was merely to the effect that Kalle and Co. had taken licenses, and this testimony was admitted on the issue of patentability. The fact of the license, but not its scope or contents, was testified to. The letter to defendant from the German firm from which its materials come went no further than to state that it had a license from Kalle and Co. Finding 25 of plaintiffs' is allowed in the following form: "That at no time was defendant operating with a license from or with the consent of any of the plaintiffs express or implied."

Since defendant has already proposed findings to the Court embodying its theory of the case, those may be deemed to be the proposed amendments and additions to findings referred to in Rule 42 of this Court.

Let an interlocutory decree be entered enjoining defendant from infringing the claims of said patents herein declared to be infringed and decreeing that plaintiff is entitled to recover damages and such costs of suit as are apportionable to the first patent, No. 1,821,281, and referring the question of the amount of damages to Ernest E. Williams, Esq. of

the Post Office Building, San Francisco, California
as Special Master in Chancery.

Dated this 26th day of November, 1934.

FRANK H. KERRIGAN

United States District Judge

[Endorsed]: Filed Nov. 26, 1934. [31]

[Title of Court and Cause.]

FINALLY APPROVED FINDINGS OF FACT
AND CONCLUSIONS OF LAW PURSU-
ANT TO MEMORANDUM OPINION OF NO-
VEMBER 26, 1934.

This cause duly came on to be heard for trial before this Court at this term for a Permanent Injunction and an accounting for damages for infringement of United States Letters Patent No. 1,821,281 and No. 1,841,653, and testimony having been heard and both sides having appeared in person and by counsel, and the cause having been argued on the merits; and thereupon, upon consideration thereof, the Court hereby makes its Findings of Fact and Conclusions of Law as follows:

FINDINGS OF FACT.

1. Letters Patent of the United States No. 1,821,281 entitled Manufacture of Diazo-Types, were duly and regularly granted on September 1, 1931, by the Commissioner of Patents of the United

States to Karel Van der Grinten and Louis Van der Grinten of Venlo, Netherlands, assignors of the whole to Frans Van der Grinten, Trading as Chemische Fabriek L. Van der Grinten of Venlo, Netherlands.

2. Letters Patent No. 1,821,281 is based upon an application containing the combined subject matter of three applications filed in the Netherlands on December 26, 1926, February 10, 1927, and March 16, 1927, respectively, which application was filed in the United States on June 6, 1927. [32]

3. Letters Patent No. 1,821,281 is entitled to the benefit of Section 4887, Revised Statutes of the Patent Laws of the United States, because the application on which said Patent is based was filed within twelve months from the first filed application in the Netherlands.

4. The subject matter of claims 1, 3, 4, 7, 8, 16, 25, 40, and 41 of Letters Patent No. 1,821,281, the only claims of said Patent relied upon in this suit, are entitled to the filing date of the second application filed in the Netherlands, namely on February 10, 1927, as the earliest effective date of invention.

5. Letters Patent of the United States No. 1,841,653 entitled Process for Developing Positive Diazo Types were duly and regularly granted on January 19, 1932, by the Commissioner of Patents of the United States to Lodewijk Pieter Frans van der Grinten and Karel Jan Josef Van der Grinten of Venlo, Netherlands, assignors of the whole to Frans Van der Grinten, of Venlo, Netherlands.

6. Letters Patent No. 1,841,653 is based upon an application containing the combined subject matter of two applications filed in the Netherlands on August 22, 1927 and May 23, 1928, respectively, which application was filed in the United States on August 11, 1928.

7. Letters Patent No. 1,841,653 is entitled to the benefit of Section 4887, Revised Statutes of the Patent Laws of the United States because the application on which said patent is based was filed within twelve months from the first filed application in the Netherlands.

8. The subject matter of claims 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18 of Letters Patent No. 1,841,653, the only claims of said patent relied upon in this suit, are entitled to the filing date of the first application filed in the Netherlands, namely, on August 22, 1927, as the effective date of invention. [33]

9. The Plaintiff, Charles Bruning Company, Inc., is a corporation organized and existing under the laws of the State of New York and has its principal place of business at No. 102 Reade Street, New York City, New York.

10. The Plaintiff, Charles Bruning Company, Inc., is the sole and exclusive owner by assignment of each and all of the Letters Patent aforesaid together with any and all rights of action and recovery for infringement thereof.

11. The Defendant, Dieterich-Post Company, is a corporation duly organized and existing under the

laws of the State of California and is an inhabitant of and has a regular and established place of business within the Southern Division of the Northern District of California.

12. This suit is for the infringement of each of the Letters Patent aforesaid and arises under the Patent Laws of the United States.

13. Letters Patent No. 1,821,281 covers a new and useful process for making positive diazo type prints which have a white background that resists discoloration to an appreciable extent for extended periods under the usual conditions of preservation in which a reducing agent of the type which, when present in the background of the finished print acts to prevent the discoloration, is added either to the sensitive layer of the copying paper or to the developer, or to both the layer and developer; and also a product including a sensitive layer for making said prints, the light sensitive layer containing a reducing agent.

14. There is no disclosure in the prior art of the making of positive diazo type prints having a white background in the finished print that resists discoloration to an appreciable extent for extended periods under the usual conditions of preservation, nor disclosing a process whereby the discoloration of the white background of the finished diazo type print can be prevented [34] by incorporating, either in the sensitized layer of the paper, or in the developer or in both layer and developer, a reducing agent of

the type that acts to prevent discoloration when present in the background of the finished diazo type print, nor disclosing a product including a sensitive layer for making said prints, the light sensitive layer containing a reducing agent.

15. The invention covered by Letters Patent No. 1,821,281 is a pioneer invention and accordingly such patent No. 1,821,281 is to be liberally interpreted.

16. Letters Patent No. 1,821,281 is good and valid in law, particularly as to claims 1, 3, 4, 7, 8, 16, 25, 40, and 41, thereof here in suit.

17. Patent No. 1,841,653 covers a new and useful process for developing direct positive diazo type prints in which the exposed surface of the print is saturated throughout its entire area with a developing liquid containing a non-volatile alkaline substance by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

18. There is no disclosure in the prior art of a process for developing positive diazo type prints in which the exposed surface of the print is saturated throughout its entire area with a developing liquid containing a non-volatile alkaline substance by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially

corresponding to that required to effect development of said surface.

19. Letters Patent No. 1,841,653 are good and valid in law, particularly as to claims 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18 thereof here in suit.

20. There is no anticipation in the prior art of the [35] inventions covered by the Letters Patent in suit and each of said Patents describe and claim a patentable invention.

21. The Defendant has been duly notified in writing of infringement of the Letters Patent here in suit.

22. Subsequent to the grant of the aforesaid Letters Patent and within six years to the commencement of this suit, the Defendant, Dieterich-Post Company, has sold a sensitized copying paper combined with a developer having a reducing agent; namely, sodium thiosulphate, therein, for the express purpose of making positive diazo type prints which have white backgrounds containing such reducing agent in the finished print capable of resisting discoloration of the background of the print to an appreciable extent for extended periods; and has practiced processes using said paper and developer for making positive diazo type prints having white backgrounds containing such reducing agent in the finished print capable of resisting discoloration of the background of the print to an appreciable extent for extended periods; all within claims 1 and 25 of Letters Patent in suit No. 1,821,281.

23. That in the developer sold and used by the Defendant for use in developing positive diazo type prints on the sensitized copy paper as aforesaid, there was present a reducing agent; namely, sodium thiosulphate, that is capable of resisting to an appreciable extent and for extended periods of time the discoloration of the white background of the finished diazo type print under the usual conditions of preservation.

24. That Defendant, within the time mentioned in the second preceding paragraph, No. 22, has infringed all of the claims in suit of the second patent, No. 1,841,653; namely, claims 1, 3, 4, 6, 8, 11, 13, 15, 16 and 18, by using and offering for sale its sensitive paper and developer and device for applying the developer in a uniformly thin film called the No-Ink Developer. [36]

25. That at no time was Defendant operating with a License from or with the consent of any of the Plaintiffs express or implied.

26. That the sensitized copying paper used and sold by Defendant as Diepo Direcprint Paper No. 500 has a light sensitive layer containing thiourea.

27. That thiourea when present in the white background of the finished positive diazo type print, resists discoloration of such background to an appreciable extent for extended periods under the usual conditions of preservation.

28. That it may be that there are circumstances in which thiourea acts as a reducing agent but thiourea as used in the light sensitive layer on De-

fendant's paper is not a reducing agent in connection with the chemicals present in the background of a positive diazo type print made with Defendant's paper, although thiourea does resist discoloration of the white background of a positive diazo type print to an appreciable extent for extended periods of time when present in said background.

29. That Defendant's developer contained Sodium Thiosulphate; that Sodium Thiosulphate is a reducing agent and resists discoloration of the background of the finished print to an appreciable extent for extended periods, but it is not an aliphatic compound nor an amino compound and is not within claims 3 and 4 of Letters Patent No. 1,821,281.

CONCLUSIONS OF LAW.

1. That Letters Patent here in suit No. 1,821,281 are good and valid in law, particularly as to claims 1, 3, 4, 7, 8, 16, 25, 40, and 41 thereof, which are the claims relied upon in [37] this suit; that claims 1 and 25 thereof have been infringed by the Defendant; that Claims Nos. 3, 4, 7, 8, 16, 40, and 41 have not been infringed by the Defendant.

2. That Letters Patent here in suit No. 1,841,653 are good and valid in law, particularly as to claims 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18 which are the only claims thereof relied upon in the trial of this suit; that each and all of said claims in suit of Letters Patent No. 1,841,653 have been infringed by the Defendant.

3. That claims 7 and 9 of Letters Patent No. 1,841,653 were originally included in this suit by Plaintiff, but during the pendency of this suit said claims 7 and 9 were withdrawn from suit by Plaintiff and disclaimer was duly filed in the United States Patent Office as to said claims 7 and 9; that said disclaimer was filed after this suit was commenced; but was filed promptly and was not unreasonably neglected or delayed.

4. That by reason of said disclaimer of claims 7 and 9 of Letters Patent No. 1,841,653 after commencement of this suit, Plaintiffs are denied an award of costs of suit apportionable to said Letters Patent No. 1,841,653.

5. That the Plaintiffs are entitled to the relief prayed for and to judgment on the issues according to the foregoing Findings of Fact and Conclusions of Law; that an Interlocutory Decree be entered enjoining Defendant from infringing the claims of said Patents herein declared to be infringed and decreeing that Plaintiffs are entitled to recover damages for said infringement and for such costs of suit as are apportionable to Letters Patent No. 1,821,281; that the question of the amount of said damages be referred [38] to Ernest E. Williams, Esq., of the Post Office Building, San Francisco, California, as special Master in Chancery.

FRANK H. KERRIGAN,

United States District Judge.

Dated: This 5th day of January, 1935.

Approved as to form as provided in Rule 42.

WRAY N. HOFFMAN,
IVAN KONIGSBERG,
WM. S. GRAHAM,

Attorneys for Plaintiffs.

ASA G. KAZEBEER,
ARLINGTON C. WHITE,

Attorneys for Defendant.

IT IS ORDERED that an exception is allowed to each of the parties to the foregoing Findings and Conclusions, and ten days are allowed for filing formal exceptions.

FRANK H. KERRIGAN,
U. S. District Judge.

[Endorsed]: Filed Jan. 5, 1935. [39]

[Title of Court and Cause.]

PLAINTIFFS' EXCEPTIONS TO FINALLY
APPROVED FINDINGS OF FACT AND
CONCLUSIONS OF LAW.

This cause in Equity having been tried to the Court and the parties having heretofore submitted proposed Findings of Fact and Conclusions of Law, and the Court having considered and settled same; and Finally Approved Findings of Fact and Conclusions of Law having been engrossed and presented for approval to the Court pursuant to Rule 42 of this Court and:

1. Plaintiffs having requested of the Court a Finding of Fact that processes used and products used and sold by Defendants were within claims Nos. 1, 3, 4, 7, 8, 16, 25, 40, and 41 of Letters Patent No. 1,821,281 in suit, and the Court having approved a Finding of Fact (No. 22) that the processes used and products used and sold by Defendant were within claims 1 and 25 only of said Letters Patent, and having refused to find that Defendant's process and products were within claims 3, 4, 7, 8, 16, 40, and 41 of said Letters Patent, Plaintiffs except to that portion of Finding of Fact No. 22 in which said Finding of Fact fails to find that the processes used and products used and sold by Defendant are within claims Nos. 3, 4, 7, 8, 16, 40 and 41 of Letters Patent in suit No. 1,821,281.

2. Plaintiffs having requested of the Court a Finding of Fact that there was present in the sensitized paper and in the [40] developer used and sold by Defendant a reducing agent of the type which acts to resist discoloration of the white background of the finished diazo type print under the usual conditions of preservation, and the Court having approved a Finding of Fact (No. 28) which states in part that—"thiourea as used in the light sensitive layer on Defendant's paper is not a reducing agent in connection with the chemicals present in the background of a positive diazo type print made with Defendant's paper"—, Plaintiffs except to that portion of Finding of Fact No. 28 which states "thiourea as used in the light sensitive layer on Defend-

ant's paper is not a reducing agent in connection with the chemicals present in the background of a positive diazo type print made with Defendant's paper."

3. Plaintiffs having requested of the Court a Conclusion of Law that the processes used and products used and sold by Defendant were an infringement of claims 1, 3, 4, 7, 8, 16, 25, 40 and 41 of Letters Patent No. 1,821,281, and the Court having approved a Conclusion of Law (No. 1) that claims 1 and 25 only of said Letters Patent were infringed by Defendant and that claims Nos. 3, 4, 7, 8, 16, 40 and 41 have not been infringed by Defendant, Plaintiffs except to that portion of Conclusion of Law No. 1 which states in respect of Letters Patent No. 1,821,281,—“that claims Nos. 3, 4, 7, 8, 16, 40 and 41 have not been infringed by the Defendant”—:

And the Court having considered said exceptions and objections of Plaintiffs and having overruled same and having allowed Plaintiffs an exception to said rulings and each of them:

NOW, THEREFORE, Plaintiffs tender this, their exceptions to the action of the Court in the various particulars herein set out which are signed by the Court and made a part of the Record in this cause.

FRANK H. KERRIGAN,
United States District Judge.

Dated: San Francisco, California, January 14th,
1935. [41]

ACKNOWLEDGMENT OF RECEIPT OF
PLAINTIFFS' EXCEPTIONS TO FINALLY
APPROVED FINDINGS OF FACT AND
CONCLUSIONS OF LAW.

Receipt of a copy of the foregoing PLAIN-
TIFFS' EXCEPTIONS TO FINALLY AP-
PROVED FINDINGS OF FACT AND CONCLU-
SIONS OF LAW admitted this 14th day of Jan-
uary, 1935.

ASA G. KAZEBEER,
ARLINGTON C. WHITE,
Attorney for Defendant.

[Endorsed]: Filed Jan. 14, 1935. [42]

[Title of Court and Cause.]

DEFENDANT'S EXCEPTIONS TO FINALLY
APPROVED FINDINGS OF FACT AND
CONCLUSIONS OF LAW.

The parties having heretofore submitted pro-
posed Findings of Fact and Conclusions of Law,
and the court having considered and settled and the
same; and Finally Approved Findings of Fact and
Conclusions of Law having been engrossed and pre-
sented for approval to the court pursuant to Rule
42 of this court, and defendant having thereupon ex-
cepted to the following, to-wit:

FINDINGS OF FACT.

1. Defendant excepts to Finding 15 in its entirety.

2. Defendant excepts to Finding 16 in its entirety.

3. Defendant excepts to that portion of Finding 17 which states that—Patent No. 1,841,653 covers a new and useful process—.

4. Defendant excepts to Finding 18 in its entirety.

5. Defendant excepts to Finding 19 in its entirety.

6. Defendant excepts to Finding 20 in its entirety.

7. Defendant excepts to that portion of Finding 22 which states—all within claims 1 and 25 of Letters Patent in suit No. 1,821,281—.

8. Defendant excepts to Finding 24 in its entirety. [43]

9. Defendant excepts to Finding 25 in its entirety.

CONCLUSIONS OF LAW.

1. Defendant excepts to all of Conclusion of Law No. 1 except that portion which states—that claims Nos. 3, 4, 7, 8, 16, 40 and 41 have not been infringed by the defendant—.

2. Defendant excepts to Conclusion of Law No. 2 in its entirety.

3. Defendant excepts to that portion of Conclusion of Law No. 3 which states—but was filed

promptly and was not unreasonably neglected or delayed—.

4. Defendant excepts to Conclusion of Law No. 5 in its entirety;

and the court having considered said Exceptions and objections of defendant and having overruled same, and the defendant having thereupon saved an exception to said rulings, and each of them.

IT IS ORDERED that said Exceptions be and the same are hereby allowed.

FRANK H. KERRIGAN,
United States District Judge.

Dated: San Francisco, January 14th, 1935.

Receipt of a copy of the foregoing Defendant's Exceptions to Finally Approved Findings of Fact and Conclusions of Law, is hereby admitted this 14th day of January, 1935.

IVAN E. A. KONIGSBERG,
WRAY N. HOFFMAN,
WM. S. GRAHAM,
Attorneys for Plaintiffs.

[Endorsed]: Filed Jan. 14, 1935. [44]

[Title of Court and Cause.]

STIPULATION EXTENDING TIME FOR
ENTRY OF DECREE.

Because of the decease of the Honorable FRANK H. KERRIGAN, lately United States District

Judge before whom the above-entitled cause was tried and determined, and because there is now pending before the Court a Motion by Defendant to Re-Open the cause for the hearing of further evidence, IT IS HEREBY STIPULATED that the entry of Decree in this cause may be continued beyond the present term of the Court and that entry of said Decree within the March, 1935, term of the Court shall be good, timely, and sufficient.

WRAY N. HOFFMAN,
WM. S. GRAHAM,

Attorneys for Plaintiffs.

ASA G. KAZEBEER,
ARLINGTON C. WHITE,

Attorneys for Defendant.

Dated: San Francisco, California, March 1, 1935.

Approved and so Ordered:

A. F. ST. SURE,
U. S. District Judge.

[Endorsed]: Filed Mar. 4, 1935. [45]

[Title of Court and Cause.]

STIPULATION RELATIVE TO BILL OF
PARTICULARS.

For purposes of condensing the Transcript of Record on Appeal, it is Stipulated that Defendant filed a Motion for Bill of Particulars on or about May 1, 1933, requesting to be advised which of the

claims of the Letters Patent in suit would be relied upon by Plaintiffs at the trial of the suit; that in response thereto Plaintiffs filed a Bill of Particulars on or about June 13, 1933, stating that the following claims would be relied on, to-wit:

| Letters Patent | Claims |
|----------------|------------------------------------------------------------|
| 1,821,281 | (1, 3, 4, 6, 7, 8, 16, 25, 40, (41, 43 and 44. |
| 1,841,653 | (1, 3, 4, 6, 7, 8, 9, 10, 11, (13, 15, 16, 18, and 19. |

That prior to trial on or about August 13, 1934, Plaintiffs, pursuant to leave of Court, struck out from the above listed claims, the following:

| From | |
|----------------|-------------------|
| Letters Patent | Claims |
| 1,821,281 | 6, 43, and 44. |
| 1,841,653 | 7, 9, 10, and 19. |

That this stipulation may be filed, upon approval by the Court, at any time prior to expiration of time for Appeal from [46] Interlocutory Decree, if appeal be taken by either party.

WRAY N. HOFFMAN,

WM. S. GRAHAM,

Attorneys for Plaintiffs.

ASA G. KAZEBEER,

ARLINGTON C. WHITE,

Attorneys for Defendant.

Approved and so ordered, this 8th day of April, 1935.

A. F. ST. SURE,
United States District Judge.

[Endorsed]: Filed Apr. 8, 1935. [47]

In the Southern Division of the United States District Court for the Northern District of California.

In Equity No. 3493-K.

FRANS VAN DER GRINTEN and CHARLES
BRUNING COMPANY, INC.,

Plaintiffs,

vs.

DIETERICH-POST COMPANY,

Defendant.

INTERLOCUTORY DECREE.

This cause came on to be heard at this term and was argued by counsel; and thereupon, upon consideration thereof it was ORDERED, ADJUDGED and DECREED as follows, viz:

I.

That Letters Patent of the United States No. 1,821,281 entitled Manufacture of Diazo-Types, were duly and regularly granted on September 1, 1931, by the Commissioner of Patents of the United States to Karel Van der Grinten and Louis Van der Grin-

ten of Venlo, Netherlands, assignors of the whole to Frans Van der Grinten, Trading as Chemische Fabriek L. Van der Grinten of Venlo, Netherlands.

II.

That Letters Patent No. 1,821,281 is based upon an application containing the combined subject matter of three applications filed in the Netherlands on December 26, 1926, February 10, 1927, and March 16, 1927, respectively, which application was filed in the United States on June 6, 1927.

III.

That Letters Patent No. 1,821,281 is entitled to the benefit of Section 4887, Revised Statutes of the Patent Laws of the United States, because the application on which said Patent is based was filed within twelve months from the first filed application in the Netherlands.

IV.

That the subject matter of claims 1, 3, 4, 7, 8, 16, 25, 40, and 41 of Letters Patent No. 1,821,281, the only claims of said Patent relied upon in this suit, are entitled to the filing date of the second application filed in the Netherlands, namely, on February 10, 1927, as the earliest effective date of invention.

V.

That the invention covered by Letters Patent No. 1,821,281 is a pioneer invention and accordingly

such patent No. 1,821,281 is to be liberally interpreted.

VI.

That Letters Patent of the United States No. 1,841,653 entitled Process for Developing Positive Diazo Types were duly and regularly granted on January 19, 1932, by the Commissioner of Patents of the United States to Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten of Venlo, Netherlands, assignors of the whole to Frans Van der Grinten, of Venlo, Netherlands.

VII.

That Letters Patent No. 1,841,653 is based upon an application containing the combined subject matter of two applications filed in the Netherlands on August 22, 1927 and May 23, 1928, respectively, which application was filed in the United States on August 11, 1928.

VIII.

That Letters Patent No. 1,841,653 is entitled to the benefit of Section 4887, Revised Statutes of the Patent Laws of the United States because the application on which said patent is based was filed within twelve months from the first filed application in the Netherlands. [49]

IX.

That the subject matter of claims 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18 of Letters Patent No. 1,841,653, the only claims of said patent relied upon in this

suit, are entitled to the filing date of the first application filed in the Netherlands, namely, on August 22, 1927, as the effective date of invention.

X.

That the Plaintiff, Charles Bruning Company, Inc., is a corporation organized and existing under the laws of the State of New York having its principal place of business in the City of New York, in said State; that the Plaintiff, FRANS VAN DER GRINTEN is a resident and inhabitant of the country of Holland.

XI.

That the Plaintiff, Charles Bruning Company, Inc., is the sole and exclusive owner, by assignment during the pendency of this suit, of each and all of the Letters Patent aforesaid, together with any and all rights of action and recovery of damages and/or profits for infringement thereof.

XII.

That the Defendant, Dieterich-Post Company, is a corporation duly organized and existing under the laws of the State of California and is an inhabitant of and has a regular established place of business within the Southern Division of the Northern Judicial District of California.

XIII.

That said Letters Patent No. 1,821,281 are good and valid in law and particularly as to claims 1, 3,

4, 7, 8, 16, 25, 40, and 41 thereof which are the only claims here in suit.

XIV.

That Letters Patent No. 1,841,653 are good and valid in law, particularly as to claims 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18 thereof which are the only claims here in suit. [50]

XV.

That the Defendant, Dieterich-Post Company, has infringed upon the aforesaid Letters Patent No. 1,821,281 and particularly claims 1 and 25 thereof, and upon the rights of Plaintiffs therein.

XVI.

That the Defendant, Dieterich-Post Company, has not infringed claims 3, 4, 7, 8, 16, 40, and 41 of said Letters Patent No. 1,821,281.

XVII.

That the Defendant, Dieterich-Post Company, has infringed the aforesaid Letters Patent No. 1,841,653 and particularly claims 1, 3, 4, 6, 8, 11, 13, 15, 16 and 18 thereof, and upon the rights of Plaintiffs therein.

XVIII.

That the Plaintiff, Charles Bruning Company, Inc., do recover from the Defendant, Dieterich-Post Company, the profits, gains, and advantages which the said Defendant has derived, received or made by reason of said infringement of said claims 1 and 25 of Letters Patent No. 1,821,281 and claims 1, 3, 4,

6, 8, 11, 13, 15, 16, and 18 of said Letters Patent No. 1,841,653, and that the Plaintiff do recover of said Defendant any and all damages which the Plaintiff has sustained or shall sustain by reason of said infringement by the Defendant; and that the question of the amount of the said profits and/or damages be referred to Ernest E. Williams, Esq., as a Master in Chancery of this Court, who is hereby appointed *pro hac vice*, to take and state the amount of said gains, profits, and advantages and to assess such damages and to report thereon to this Court; and the Defendant, Dieterich-Post Company, its directors, officers, attorneys, clerks, servants, and workmen are hereby directed and required to attend before said Master from time to time as required, and to produce before him such books, papers, vouchers, and [51] documents, and to submit to such oral examination as the Master may require.

XIX.

That a Permanent and Perpetual Injunction issue out of and under the Seal of this Court, directed to said Defendant, DIETERICH-POST COMPANY, its officers, clerks, attorneys, directors, associates, agents, servants, workmen and all persons in active concert or participation therewith, enjoining and restraining them and each of them during the unexpired term of said Letters Patent No. 1,821,281 and 1,841,653, unless by the license and consent of Plaintiffs, from practicing or causing to be practiced, in any manner, directly, indirectly, or by con-

tribution to the acts of others, any process or method, including, embodying, or employing said inventions and improvements described in said Letters Patent No. 1,821,281 and claimed in claims 1 and 25 thereof, and/or the inventions and improvements described in said Letters Patent No. 1,841,653 and claimed in claims 1, 3, 4, 6, 8, 11, 13, 15, 16 and 18 thereof, which claims of said respective Letters Patent are as follows:

Claims of Letters Patent No. 1,821,281.

1. The process of rendering the background of the diazo type prints substantially stable against discoloration which comprises including therein a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints.

25. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints. [52]

Claims of Letters Patent No. 1,841,653.

1. The process for developing direct positive diazo prints which consists in impressing upon the surface to be developed an alkaline liquid

containing an azo-dyestuff component and a reducing agent non-decomposable by alkali, in the form of a uniformly thin film.

3. The process for developing direct positive diazo prints which consists in impressing an alkaline liquid containing an azo-dyestuff component in the form of a uniformly thin film upon an exposed surface having a diazo compound therein, said film containing the azo-dyestuff component in an amount not substantially in excess of that required to couple with the diazo compound.

4. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

6. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and a reducing agent non-decomposable by alkali by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being

substantially corresponding to that required to effect development of said surface.

8. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance, an azo-dyestuff component, and a reducing agent non-decomposable by alkali by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface. [53]

11. The process for developing direct positive diazo prints containing a diazo compound of the type which cannot be used together with azo-dyestuff components in the light sensitive layer which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and an azo-dyestuff component by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

13. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface

of said prints with a developing liquid containing a non-volatile alkaline substance by momentarily wetting the exposed surface with an excess of said liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

15. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and a reducing agent non-decomposable by alkali by momentarily wetting the exposed surface with an excess of said developing liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

16. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and an azodyestuff component by momentarily wetting the exposed surface with an excess of said develop-

ing liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

18. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance, and azodyestuff component and a reducing agent [54] non-decomposable by alkali by momentarily wetting the exposed surface with an excess of said developing liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

XX.

That the Plaintiffs do recover of the Defendant its costs and disbursements of this suit which are apportionable to the Letters Patent in suit No. 1,821,281, to be taxed by the Clerk of this Court and the amount thereof to be inserted in this Decree in the sum of \$.....; and that the Plaintiffs have judgment against the Defendant for the amount so taxed and inserted in this Decree.

XXI.

That the question of increase of damages and all further questions be reserved until the Master in Chancery shall make his report to this Court.

A. F. ST. SURE,
United States District Judge.

Dated: This 8th day of April, 1935.

STIPULATION AS TO APPROVAL BY JUDGE
AND AS TO FORM.

IT IS STIPULATED that, because of the death of the trial Judge, Hon. Frank H. Kerrigan, the foregoing INTERLOCUTORY DECREE may be approved by any other District Judge sitting in this Court, without waiver by the parties of any other rights.

Approved as to form, as provided in Rule 22.

ASA G. KAZEBEER,
ARLINGTON C. WHITE,
Attorneys for Defendant.

[Endorsed]: Filed and entered Apr. 8, 1935. [55]

[Title of Court and Cause.]

STATEMENT OF EVIDENCE

The above-entitled cause came on for hearing on the 31st day of October, 1934, before Hon. FRANK H. KERRIGAN, United States District Judge, and after opening statements of Counsel, the opening testimony was taken and Exhibits introduced.

During the opening statements it was stated to the Court by Counsel for Plaintiffs that Plaintiffs would rely upon the trial of the cause on claims 1, 3, 4, 7, 8, 16, 25, 40, and 41 of United States Letters Patent No. 1,821,281, and on claims 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18 of United States Letters Patent No. 1,841,653.

The Plaintiffs offered in evidence the following Exhibits, which were admitted:

PLAINTIFFS' EXHIBIT No. 1 *

United States Letters Patent No. 1,821,281, granted September 1, 1931, to Karel Van der Grinten and Louis Van der Grinten for Manufacture of Diazo-Types, on application filed in the United States on June 6, 1927, based on an application in the Netherlands, filed December 11, 1926.

PLAINTIFFS' EXHIBIT No. 2 *

United States Letters Patent No. 1,841,653, granted January 19, 1932, to Lodewijk Pieter Frans Van der Grinten and Karel Jan Josef Van der Grinten, for Process for Developing Positive Diazo Prints on application filed in the United States on August 11, 1928, based on application filed in the Netherlands on August 22, 1927. [56]

PLAINTIFFS' EXHIBIT No. 3

Certified copy of file wrapper and contents of United States Letters Patent No. 1,821,281.

*[Printer's Note]: Copies of Patents are set forth opposite page 464 of the printed transcript.

PLAINTIFFS' EXHIBIT No. 4.

Certified copy of file wrapper and contents of United States Letters Patent No. 1,841,653.

PLAINTIFFS' EXHIBIT No. 5.

Stipulation of Receipt by Defendant of written Notice of Infringement, and also as to the sale by Defendant of products.

PLAINTIFFS' EXHIBIT No. 6.

Interrogatories propounded by Plaintiffs and Defendant's Answers thereto. (Not transmitted to the Appellate Court since material parts thereof were agreed upon by Counsel and read into the Record at the request of trial Judge.

Title to the Patents in suit was stipulated to be in Plaintiffs.

During the opening statement on behalf of Defendant, the following Exhibits were offered in evidence and admitted:

DEFENDANT'S EXHIBIT B

Certified copy of file wrapper and contents of United States Letters Patent No. 1,765,059 granted April 1, 1930, to Humphrey Desmond Murray.

DEFENDANT'S EXHIBIT C

Copy of United States Letters Patent No. 1,444,469 granted February 6, 1923 to Gustave Kogel assignor to Kalle & Company.

DEFENDANT'S EXHIBIT D

German Letters Patent No. 427,570 issued July 7, 1925 to E. Gronau, together with translation thereof.

Deposition of Josef Loevenich taken in Germany on behalf of Defendant was admitted in evidence and considered as read into the Record.

The usual Stipulation was made to use of printed copies of Patents. [57]

STATEMENT OF EVIDENCE. [58]

TESTIMONY OF LODEWIJK PIETER FRANS
VAN DER GRINTEN FOR PLAINTIFFS

LODEWIJK PIETER FRANS VAN DER GRINTEN, called as a witness on behalf of plaintiffs, being duly sworn testified as follows:

Direct Examination

My name is LODEWIJK PIETER FRANS VAN DER GRINTEN; 40 years old; residence, Venlo, Holland. I am both a subject of the Queen of The Netherlands and a resident of The Netherlands. I attended a technical university in Munich, Germany, graduating therefrom in 1914. While attending this university I specialized in organic chemistry. I obtained from such university the degree of Doctor of Chemistry and Doctor Engineer in Chemistry, my thesis being on an organic compound.

(Testimony of Frans Van der Grinten.)

My occupation is that of a chemical engineer and director of the firm N. V. Chemische Fabriek and Frans Van der Grinten in Venlo. During the war I was engaged as a chemist in The Netherlands Government Munitions Works, and after the war, in two companies owned by my father, one of which was manufacturing azodyestuffs, and the other of which was manufacturing light sensitive paper like blue print paper. In 1926 and 1927, I together with my brother, Karel Jan Josef Van der Grinten made the inventions of the two patents in suit. Since the making of these inventions I have been exclusively engaged in the positive diazo type art. I am one of the joint inventors of the two patents in suit.

“Q. You are familiar with the Van der Grinten patent No. 1,821,281?

“A. Yes, I am.

“Q. Will you explain the invention to which this patent relates? [59]

“A. The invention to which this patent relates belongs to the technical reproduction processes. In technical reproduction processes, like any other photostatic reproduction processes, the reproduction of prints is obtained by the action of light. We start from an original, mostly a tracing, which is made up in black and untransparent lines on a transparent material. This tracing and the sensitive material are brought together in close contact in printing forms or in special printing devices, and

(Testimony of Frans Van der Grinten.)

we make the light rays pass through the original tracing to this light-sensitive surface. Now, these light-sensitive surfaces in reproduction processes have the property of changing chemically under the influence of light; after the treatment of light consequently the parts which have constituted a transparent part of the tracing have been chemically changed; they have become different from those parts which were dark from the action of light, which latter parts remain in their original condition and upon this difference in their chemical composition between the exposed and non-exposed all of these reproduction processes are based. After the treatment of light, which we call the exposure, we obtain a so-called exposed print. The exposed print without any further treatment would not of course be stable against the further action of light, and in practice when we wish to have some use out of the print, we, of course, must be able to look at this print, which, of course, involves further light coming to such a print. We, for instance, might want to look at such a print near a window, and the light that would come to this print, of course, in these parts of the print which were protected upon exposure, which were in contact with the dark part originally, would be the same as the exposed parts have been upon exposure. The result would be that the whole print would have the same appearance as the [60] exposed part, there would be no more difference between the exposed and non-exposed

(Testimony of Frans Van der Grinten.)

parts. Therefore, of course, after the print has been made, a special operation, or one or more operations, has to be carried out in order to make the print stable against further action of the light. Often such operations involve at the same time the making visible of the print like, for instance, in the case with this diazo-type process. To give one example of technical reproduction process that has been used for many years and is still in use, I would like to refer to the so-called blueprint. A light-sensitive blueprint paper contains a layer which upon exposure to light forms a blue color. The after treatment necessary for making the blueprint stable we call the fixing operation, which is simply by washing this print out. By washing it out the substance will not be changed by the action of light upon the exposure. Consequently, these parts of the print which were protected by the dark part originally are thus washed out and deprived of their light sensitiveness. We would consequently have a printing and fixing operation only, the print only becoming visible upon exposure itself, because the blue color was formed under the action of light, itself.

Now, I wish to go to the diazo type processes in which the invention of the patent in suit is carried out. I would like to refer to a chart which has been prepared and which gives an idea about the diazo-type process as such, as it was in existence when our inventions were made. The things shown on

(Testimony of Frans Van der Grinten.)

this chart consequently give an idea at the same time of the prior art.

Under Roman numeral I, on the left-hand part of this chart, we see a cross section of a sheet of paper which we call the base. Instead of paper we of course may use any other base suitable for the purpose, for instance, a piece of linen, [61] or a film of any kind or substance. On top of this base we find a light sensitive coating or layer containing diazo compound, the diazo compound being the most important substance of the whole process. Now, this diazo compound layer is under Roman numeral II in the left-half part of the chart, shown contacting with the tracing, the tracing being transparent in certain portions and nontransparent in certain portions. The exposure is done by making light pass through original tracing onto the sensitive coating of the diazo compound. Now, the diazo compounds are a large class, I might say, of chemical substances which all have two characteristic properties. The first is a diazo compound can be decomposed by light. By decomposed by light in this case we must understand a transforming of the diazo compound into another substance, a substance which is no longer a diazo compound. So I would like to make you understand not that the diazo compound disappears entirely by the action of light, that not such a thing occurs as an evaporation or anything of that kind, but just merely chemical changes take place by which the diazo compound is

(Testimony of Frans Van der Grinten.)

transformed to another chemical substance which, of course, will remain in the light-sensitive layer. The second property of the diazo compound which is interesting in connection with this invention is that it is capable of forming a so-called azodyestuff when it is contacted and made to react with certain substances which we call an azo coupling component. When a diazo compound is mixed with an azo coupling component these two substances are capable of uniting into one new substance. If we take one molecule, that is, a small part of diazo compound and we take another molecule of azodyestuff component and bring them together in a mixture under favorable circumstances the two molecules unite together to form a new compound. The reacting is in chemistry called a coupling, [62] that is to say, the two molecules are coupled together and a quite new substance appears which is called azodyestuff, and which is a substance which has no more the properties of the diazo compound. Azodyestuff is a highly-colored, or I might better say strongly colored substance, while the azo component only has a weak color. Also, the azodyestuff which is formed is no more light-sensitive. It is quite a different substance from the substance from which it has been made by this coupling reaction. Upon exposure under Roman numeral II we have made use of a certain property of the azo compound, namely, the decomposition by the action of light. Under Roman numeral III we are going to the

(Testimony of Frans Van der Grinten.)

second property of the azo compound. I made a mistake, not under Roman numeral III, but under Roman numeral IV. I first want to show you how after removal of the original tracing the layer in which light-sensitive azo compound was present is built up after exposure. This shows under Roman numeral III. We again see here the base of the paper, and on the base we see that these parts which were protected by the dark part of the tracing still contain the diazo compound, which is in this cross-section indicated by a hatching of these parts, and the parts which were exposed no more contain diazo compound; that is now contain a new substance which is formed by the reaction of light. We call these latter parts, the parts which contain the bleached out diazo compound, the decomposed diazo compound. The other part contains the diazo compound undecomposed. These parts form a picture in weak yellow lines on a white background of the exposed part. We now make use of the azo compound coupling with a diazo compound so as to form an azo-dyestuff in these parts. In the old way it was done by submerging such a print in a bath containing a solution in water of an azo coupling component and alkali. I think this is a convenient time to explain why we use this alkali here. As I said before, the coupling as between the diazo compound [63] and the azo coupling component only takes place under favorable circumstances. The circumstances favorable for this coupling reaction are

(Testimony of Frans Van der Grinten.)

that the medium in which these two substances must be brought together must be neutral or, if possible, alkaline. On the contrary, I can say that an acid medium, acid being the opposite of alkali, is perfectly unfavorable for the formation of an azodyestuff. After the development, which consists of the introduction of this azodyestuff component and the alkali into the layer we obtain the diazo print which we also call a finished picture or finished print, and which now, by the action of the azodyestuff component and the alkali upon these parts of the print which contains diazo compound and azodyestuff is formed in these parts, and we now have practically the finished picture of a mixture of decomposed products of diazo compound and azodyestuff component on the exposed parts, and the azodyestuff in the unexposed parts. I might mention here that the azo coupling component, which, as I said, is capable of reacting, is the product which has been formed from the diazo compound upon exposure, consequently with the decomposed product of the diazo compound; a short washing of this print is done and a drying operation follows. In the prior art there was a firm by the name of Kalle who invented a new process which was more practical than these processes had ever been carried out in practice before. In this newly-invented process, the light-sensitive coating, consequently the layer which in the left-hand part of the chart only contains the diazo compound, now contains not only the diazo

(Testimony of Frans Van der Grinten.)

compound but also the azo coupling component, consequently also the substance with which on development the azo component can form the azodyestuff. This layer also contains an acid for the purpose of preventing the diazo compound coupling with the azodyestuff component, because otherwise, that is to say, this coupling as it has taken place in the sensitive layer of course can no [64] more make any print. The original diazo compound would not be present, would have been transformed into an azo dyestuff which it no more light-sensitive. A very important feature, consequently, of this is the presence of an acid in the sensitive layer. On the other hand, the sensitive layer has the advantage that it carries with it the second substance, the azodyestuff component, which in the old processes had to be added on development. These processes consequently contain practically everything which is needed later on for development. It takes place in the same way as in the old processes. I might mention this, that the presence of this azo coupling component, provided, of course, that a sufficient amount of acid is present to prevent any other action between this component and the diazo compound, in no way interferes with the light reaction, with the photo chemical reaction of the diazo compound, itself. The diazo compound is likewise, as indicated under Roman numerals II and III in the left-hand part of the chart, decomposed in the exposed part and remains unaltered in the dark part.

(Testimony of Frans Van der Grinten.)

Under Roman numeral III we obtain an undeveloped diazo-type print which only differs from the developed diazo print obtained in the old processes by the azo coupling component being present in the whole layer somewhere, that is to say, in the unexposed part as well as in the exposed part. Now, in this case, the developing operation is much more simple than in the old processes, because we have no more to add this azodyestuff component, because it is already present in there. The only thing in this process which we have now to add is in the after treatment of the exposed print, we have to make the conditions favorable for the formation of the azodyestuff, which operation consists of taking away the acid which prevents the formation of the azodyestuff, which can be done by neutralizing the acid with an alkali, and to make the layer alkaline so [65] that then the coupling reaction can now take place in those parts which were protected from exposure. There is a particular advantage in this way of carrying out the diazo-type process because we can now use here a so-called volatile alkali which has the form of gas, and consequently can be applied to such a print in a dry way without any bath or liquid being involved in the process. We introduce such a print in a room, in a tank, or in any kind of a room in which ammonia vapors are present. The ammonia vapors penetrate into the layers of the print and there do their work, neutralizing the acid, creating an alkali medium, and thus

(Testimony of Frans Van der Grinten.)

cause the formation of the azodyestuff in the unexposed parts, in a perfectly dry way, without any liquid to interfere with developing that print. We, of course, can do the same operation also with liquid, also can use a non-volatile alkali, as, for instance, sodium hydroxide. Of course, in this case the print has to be dried because it has been treated with a bath containing water.

I will come now to the principles of the invention of the first patent in suit. I wish to refer especially to this last-named form of carrying out the process, namely, the form by which the development is done with the volatile alkali. It doubtless will be clear, after what I have said, that in this case all of these substances which have been applied to the base paper, or have been changed into other substances like the diazo compound, and, for instance, the acid which has been changed into a salt from the acid remains in the picture, remains in this white background of the print. Everything had been added to the print, first the light-sensitive coating has been added to the paper, the diazo compound in the white background has been changed into another substance, because it has been changed by the action of the light and has been changed into another product, namely, the decomposed product of the diazo com- [66] pound. The azo component was already added to the light-sensitive layer and nothing has been taken out, consequently in the finished print also the azodyestuff component is still

(Testimony of Frans Van der Grinten.)

present, especially in the white background, where this azodyestuff component was not used up for the formation of the azodyestuff. These chemical substances are all present in this white background of the finished print. The substances are white substances, uncolored substances. The azodyestuff component is an uncolored substance. So also is the decomposition product of the diazo compound. Consequently our print, immediately after it has been made, has a perfect uncolored background. It is what we call white as long as it is, of course, on a white paper. However, under the influence of the atmosphere, and partly under the influence of light, these two substances consequently—the decomposition product of the diazo compound and the azodyestuff component—have a tendency to turn into brown-yellow substances. Thus when such a print is stored for a certain time, the atmosphere being always and everywhere present, these substances cause what might be called the discoloration.

In the old processes the discoloration was not very strong, but still strong, because in the old processes we had a washing-out operation later by which we eliminated partly these substances out of the white background. However, these substances have a very strong adhesive power to the fiber of the base paper, and practically cannot be washed out except perhaps to the extent of 50 per cent. Consequently the old processes had to do with a certain discoloration. A much stronger discolora-

(Testimony of Frans Van der Grinten.)

tion we then got when we proceeded to those processes in which nothing was taken out at all, in which no washing operation was applied. Consequently in these processes we have a much stronger discoloration. I said that this discoloration was due to the action of the atmosphere upon the substances present in the background. Well, the [67] substance in the atmosphere which is responsible for this change is the oxygen of the air. It is well known that the air consists of a mixture of oxygen and nitrogen, the oxygen, however, always being in all reactions in which atmosphere is involved the active product of the atmosphere. When we found the diazo-type art in this condition and saw how these prints discolored we, of course, first investigated whether it really was true that this discoloration was due to an action of the atmosphere and consequently to an action of the oxygen of the air. We made a very simple experiment by making one diazo-type print and cutting it into two pieces, and storing one piece under normal conditions, that is to say, in contact with the atmosphere; the other part we stored in a room out of which we had pumped the air, that is to say, we stored it in a vacuum. After a few weeks we found that the first-named part of the print had been discolored, whilst the second part, which had been kept out of contact with the atmosphere, was not discolored. That was sufficient proof to us to know that we had to have an inter-action between the oxygen of the air and

(Testimony of Frans Van der Grinten.)

these two substances present in the background of the finished print. I might say that in chemistry we call such inter-action between oxygen and another substance an oxidation.

Now, I will come to the invention of the first patent in suit and state that this invention is based upon the discovery that this discoloration, and consequently this oxidation reaction can be counter-acted by introducing into the white background of the finished print a reducing agent. The invention as laid down in the first patent in suit is described in this patent on page 2, lines 55 to 61. In very short words the patent says:

“The invention is based on the observation that the discoloration of the background in all kinds of diazo-type processes can be prevented even for extended periods if a reducing agent is added to the sensitive layer, or during or after development of [68] the picture.”

In shorter words still, that means that the invention is based upon the discovery that when a reducing agent is present in the finished print the discoloration is thereby arrested. In the sense of this invention it is not of importance in which way these reducing agents are introduced into the finished print. The only thing which is pertinent is that this reducing agent is there present in order to prevent or to arrest the discoloration.

A second chart has been prepared which shows that we can introduce the reducing agent into the

(Testimony of Frans Van der Grinten.)

finished print in many different ways. The sensitive layer containing the diazo compound only is exposed and developed; upon development there is applied an azo coupling component and an alkali, and at the same time upon development a reducing agent. When such a print is dried it contains this one reducing agent which has been introduced into the paper upon the development. We can of course also dry this print and apply after development a reducing agent again. Such a print contains the reducing agent which has been applied upon development and which has been applied after. We also can develop with a developer without reducing agent, dry and apply a reducing agent later. Such a print only contains the reducing agent which has been applied after development. We can also make a light-sensitive coating containing a diazo compound and already a reducing agent and expose such layer. The developing can be done with a developer containing no reducing agent. The print thus obtained only contains the reducing agent which has been added to the print in the sensitive layer. After development we can apply a reducing agent and such a print contains a reducing agent, as was present in the light-sensitive layer, and a reducing agent that was applied later. We can develop with a developer containing a reducing agent and dry such a print; then [69] we have a print containing two reducing agents, one applied with the sensitive layer and the other with the developer. We also

(Testimony of Frans Van der Grinten.)

can here again add a reducing agent for the third time, in which case we have three reducing agents present in the finished print. We can make a sensitive layer containing a diazo compound and an azodyestuff component, that is to say, a layer like in the prior art chart on the left-hand side, No. I, and add a reducing agent to such a layer. As we have seen, such a layer can be developed after exposure with a volatile alkali, in which case we practically have no more chance to introduce any more reducing agent to the finished print upon development, because we work with a gas with which we generally cannot make the reducing agent, because these reducing agents mostly are not volatile. The drying operation in this case is not necessary, such print containing the reducing agent which was present in the sensitive layer only. If this would not be sufficient we could apply again a new reducing agent and have two reducing agents present. When we wish to develop with a non-volatile alkali we have to apply a liquid, and we can dry it, but we have only the one reducing agent present which was contained in the sensitive layer. We also can go further and apply a reducing agent after development, in which case we have two reducing agents present in the finished product. We can develop with the non-volatile alkali consequently with a liquid and add the reducing agent at the same time again, in which case we have after drying a print containing two reducing agents. We also

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can apply once more a reducing agent after the development, in which case we have three reducing agents present in the final print. Whatever method of applying, the result, however, always will be that a reducing agent is present in the finished print, and that such a finished diazo-type print with a white background will remain white for extended periods on account of the presence of these [70] reducing agents in the white background of such print. This is the invention of the first patent in suit.

Mr. HOFFMAN: I introduce in evidence the chart entitled "Prior art" as Plaintiff's Exhibit No. 7.

(The chart was marked "Plaintiff's Exhibit 7.")

I also introduce in evidence the chart entitled "Invention in Patent No. 1,821,281" and ask that it be marked Plaintiffs' Exhibit 8.

(The chart was marked "Plaintiffs' Exhibit 8.")

"Q. Will you please explain this invention, particularly as to claims 1, 3, 4, 7, 8, 16, 25, 40 and 41 of this patent?

"A. In order to explain these claims I would like to divide them into three groups, the first group including claims 1, 3, and 4; the second group including claims 7, 8, 16, and 25, and the third group including claims 40 and 41.

"Q. Will you please explain the invention particularly as to the first group of claims, namely, claims 1, 3, and 4?

"A. In this group of claims we have to do with including the reducing agent in the finished print

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as such. Claim 1 calls for including into the finished print a reducing agent, which in this case can be any reducing agent capable of arresting, under normal conditions, the discoloration of the components forming the background of the prints.

Claim 3 calls for the same feature, but here the reducing agent is a reducing aliphatic compound capable of arresting the discoloration—consequently a special sort of reducing agent.

Claim 4 calls for including a reducing agent which must be an amino compound capable of arresting the discoloration, consequently here again a special sort of reducing agent.

“Q. Will you please explain the invention particularly as to the second group of claims, namely, claims 7, 8, 16, and 25?

“A. This group of claims calls for various methods of including [71] the reducing agent into the finished print. Explaining these claims I again wish to refer to Exhibit No. 8. Claim 7 calls for making a print by using a layer containing a diazo compound bleaching upon exposure to light, and a reducing agent as shown on the chart in the middle, such reducing agent being capable of arresting, under normal conditions, the discoloration. When such a diazo-type layer is exposed and developed with an azodyestuff component alkali and dried, then consequently a print is obtained as described in this claim.

(Testimony of Frans Van der Grinten.)

Claim 8 is the same as claim 7, with the exception that here a reducing agent is used which is an amino compound capable of arresting the discoloration.

Claim 16 calls for the use of a sensitive layer containing a diazo compound and a reducing agent capable of arresting the discoloration, and for developing the exposed prints made with such a layer with a developer containing an azodyestuff component and a reducing agent. This is shown on the chart Exhibit No. 8, the sensitive layer containing the reducing agent and the developer containing the azodyestuff component and a reducing agent. This claim consequently calls for a process for making a finished print which contains two reducing agents, one reducing agent added to the sensitive layer and the second added to the print upon development.

Claim 25 calls for a light-sensitive layer containing a diazo compound without a reducing agent, and a development with a developer containing an azodyestuff component and a reducing agent as shown on the left of the chart, Exhibit No. 8, a sensitive layer containing no reducing agent, and development with a developer containing a reducing agent.

“Q. Will you please explain this invention, particularly as to the third group of claims, namely, claims 40 and 41?

“A. The third group of claims of the first patent in suit deal with two claims, 40 and 41, each of which calls for a [72] product which is a light-

(Testimony of Frans Van der Grinten.)

sensitive layer on a base, the composition of the light-sensitive layer being that it contains a diazo compound capable of being decomposed by light, and a reducing agent, the reducing agent in claim 40 being any reducing agent capable of arresting the discoloration of the background of the print which print is to be made with the help of the sensitive layer, and the reducing agent in claim 41 being a reducing amino compound capable of arresting the discoloration of the print which is to be made later on with the sensitive layer.

“Q. Will you explain the term “reducing agent” as it appears in the patent?

“A. In order to explain the term “Reducing agent” I would like to refer first to the opposite of what in chemistry we call a reduction, namely, oxidation. In order to give an illustration of this term I would like to refer to a metal, for instance, copper. If we expose a plate of copper to atmosphere in which oxygen is present, we find that after a certain time the copper plate which originally is blank turns dull and becomes green. On more close examination in the laboratory we will find that on top of the copper plate there has been formed a layer containing a new substance which is entirely different from copper, itself, and which, as we now know in chemistry, is formed by the inter-action of copper with oxygen. The so-formed copper oxide consists of atoms of copper, small particles of copper, and small particles of oxygen which have

(Testimony of Frans Van der Grinten.)

been combined to a new chemical substance, copper oxide. This copper oxide is, as I may remark, by the way, entirely different from copper, and also entirely different from oxygen. The product thus formed I have called an oxide. The process which has taken place upon its formation is called an oxidation. The substance which has caused the oxidation of the copper could be called an oxidizing agent. We can take this copper oxide and mix it with carbon and heat [73] it in a furnace; when we do so the copper will extract, so to say, the oxygen out of the copper oxide, combine itself with the oxygen, and form a compound called carbon dioxide, a gaseous substance, which escapes from the furnace. The result is that the oxygen being again taken out of the copper oxide leaves the copper alone, so that the original copper is again formed back. This process we call in chemistry a reduction. The substance which causes the reduction we call a reducing agent. Thus in this case the carbon under the circumstances as they are prevailing in the furnace is the reducing agent. Of course, in any reduction of this kind an oxidation also is involved. It will be clear that from the point of view of the copper oxide we must say that this copper oxide is reduced to copper. On the other hand, however, we must say from the point of view of the carbon that the carbon is oxidized. Consequently in any reduction automatically an oxidation is involved; that is to say, an oxidation of the reducing agent. We there-

(Testimony of Frans Van der Grinten.)

fore very often say instead of speaking of a reducing agent an oxidizable substance, by which we mean that an oxidizable substance and a reducing agent are really one and the same thing. It will be clear why we called the first-named process an oxidation. We called it an oxidation because oxidation is involved directly in this process. In chemistry, however, we know many reactions which are in an essential part the same as oxidation reactions, but in which no direct oxygen is involved. In order to give you an example thereof we can take a copper plate, expose it to the influence of chlorine—chlorine being one of the well known components of a substance which we all know very well—the salt which we every day use in our food; when we combine copper and chlorine into a compound which we call cupric chloride, and which is quite analogous to copper oxide which is a combination of copper and chlorine. In this case one atom of copper is combined with two atoms of chlorine. In chemistry we call this reaction [74] eventually a chlorination, but in a general way an oxidation. With this cupric chloride we can do the reverse reaction, that is to say, we can again take away from the cupric copper the chlorine totally or in part; when we do so we call this reaction in analogy to the reaction of the oxygen which was taken out of the cupric oxide equally a reduction. Consequently if out of a metal compound with, for instance, chlorine we take out the chlorine by means of another substance, we call

(Testimony of Frans Van der Grinten.)

such a process a reduction. The substance which causes this taking off of chlorine is called a reducing agent. We consequently may define a reducing agent as a substance capable of taking off oxygen out of a chemical compound or a substance which is oxidizable, or we may say a reducing agent also is a substance which is capable of taking off chlorine out of cupric chloride; that is to say, reducing the non-metallic part of a metal salt and taking off the non-metallic part wholly or in part out of such compound.

I wish to back up my statement by citing the literature of a well-known chemist, J. W. Mellor. I have here a photostatic copy of the title page and of pages 506 and 942 of *Modern Inorganic Chemistry*, by J. W. Mellor, printed in London in 1927. On page 506 Mellor states the following:

“A reducing agent is a substance which can remove oxygen from other substances.”

This consequently corresponds with the example I have given of the carbon which is capable of removing the oxygen out of copper oxide.

As a second definition Mellor states:

“A reducing agent is a substance which can decrease the non-metallic part of a compound.”

This corresponds to the example I have given of cupric chloride, a reducing agent being capable of taking one atom of chlorine out [75] cupric chloride, thus decreasing, as Mellor says, the non-metallic part of such a compound by decreasing it from 2 to 1.

(Testimony of Frans Van der Grinten.)

To this definition Mellor adds that the reducing agent also is a substance which can add hydrogen to an element or compound. Hydrogen is the opposite of oxygen, and consequently the addition of hydrogen can be considered as equivalent to a removal of oxygen.

In order to give you a very clear idea of oxidation always being involved in a reducing action, that is to say, the oxidation of the reducing agent, itself, I would like to cite from Mellor on page 942 the following words:

“The word ‘oxidation’ connotes the process of combination of oxygen with an element or compound; and ‘reduction,’ the reverse operation, namely, the withdrawal of oxygen from an oxy-compound. . . . The ideas associated with oxidation and reduction have been extended to include elements other than oxygen. For instance, the transformation of mercuric chloride to mercurous chloride, and finally to mercury by the action of stannous chloride, are processes of reduction. The stannous chloride is at the same time oxidized to stannic chloride. The two operations—oxidation and reduction—are reciprocal in that the oxidizing agent is reduced, and the reducing agent is oxidized by the process. In general, powerful oxidizing agents are readily reduced and powerful reducing agents are readily oxidized.”

In chemistry we know reducing agents of different kinds, we know organic reducing agents and

(Testimony of Frans Van der Grinten.)

inorganic reducing agents, all of which, however, in order to fall under the definition of a reducing agent must be capable of either removing oxygen or decreasing the non-metallic parts of a compound.

“Q. Will you please explain reducing agent as meant in this patent.

“A. Reducing agent as meant in this patent is a substance which has the combined properties of being a reducing agent [76] under the definition as given and of being capable at the same time of counteracting the discoloration of a finished diazo-type print.

Mr. WHITE: I move to strike the answer, your Honor, on the ground that there is no foundation laid for that in the patent. He has made no reference to any such statement in the patent. In other words, if he would point to the patent and show us where a statement of that character is made it would be a proper answer and would be properly admissible. Just defining it that way broadly does not tie it into the patent at all, as I see it.

Mr. HOFFMAN: I will withdraw the question and the answer.

The COURT: Very well.

Mr. HOFFMAN: “Q. Will you please define the term “reducing agent capable of arresting under normal conditions the discoloration of components forming the background of such prints as it appears in claims 1, 3, 4, 7, 8, 16, 25, 40 and 41 of this patent?

(Testimony of Frans Van der Grinten.)

“A. As such reducing agent I would define a substance which has the reducing capacity, according to the foregoing definition, and at the same time the capacity of arresting the discoloration of the background under normal conditions of storage for extended periods in a diazo-type print.

“Q. Will you please give some examples of such reducing agent?

“A. As examples of organic reducing agents I could give, for instance, aldehydes, polyoxy compounds, like citrates, tartrates, glucose, amino compounds, like, for instance thiourea. As an example of an inorganic reducing agent I would like to name sodium thiosulfate.

Mr. WHITE: I think the question and answer should be directed to what is disclosed in the patent, and not to what the witness generally knows in chemistry. I admit that certain of these broad reducing agents that he has mentioned are mentioned in the specif- [77] ication, but there are certain of these that he has mentioned that are not even referred to in the specification, at all. I think that the question should be confined to the specification and claims in suit and not to his broad general knowledge of chemistry. I move to strike out the answer on that ground because the question and the answer are wholly outside the issues broadly.

Mr. HOFFMAN: I beg to call your Honor's attention to line 62 on page 2 to line 70 on page 2, wherein we specifically define the preferred reducing

(Testimony of Frans Van der Grinten.)

agent and define it in a broad term. It defines several classes that may be used. Furthermore, this is a broad invention, where we define the invention first broadly as a reducing agent, that it has to have a certain property in order to be operative in practice, and in order that the invention can be carried out; then in addition to that we define the preferred reducing agents by naming a class of them. I have simply asked the witness to explain the term, what is meant by "reducing agent" and what is meant by these preferred reducing agents. He has already mentioned aldehydes, amino compound, and polyoxy compound, and he is entitled to supplement that explanation in order to give examples.

The COURT: The motion to strike is denied; exception noted.

"Q. In your answer to the preceding question you have listed thiourea as one of the specific reducing agents which may be used. Will you please explain why you term thiourea a reducing agent?

"A. I term thiourea a reducing agent because thiourea is capable of reducing the non-metallic part of a metal salt; for instance, it is capable of reducing cupric chloride, which consists of one atom of copper with two atoms of chlorine to cuprous chloride, which consists of a molecule containing only one atom of copper and one atom of chlorine. I wish to cite an article written by Rathke in the German journal "*Berichte der Deutschen Chemischen Gesellschaft*, a photostatic copy of which I have here, to-

(Testimony of Frans Van der Grinten.)

gether with a translation, [78] the article having appeared in Volume 1, of the issue of 1884, pages 297 to 309. In this article, it says on page 2 of my transcript of the translation:

“If a solution of Thiourea is mixed in the cold with cupric chloride, as long as a precipitate forms, and a possible excess of the reagent is removed through a further small addition of Thiourea, then a white precipitate of microscopical needles consisting of $\text{CSN}_2\text{H}_4 + \text{CuCl}$ in a strongly acid colorless liquid is obtained. This latter contains the combination of one molecule Thiourea with one atom of chlorine, described by Claus, *Ann. Chem. Pharm.* 179, 139, which chlorine in our case has been given off of the cupric chloride in that the latter has been changed to cuprous chloride.” From this it follows that thiourea mixed with cupric chloride strictly falls under the definition of a reducing agent under the definition of Mellor. I have tried this same test several times and I always obtained the exact result which Rathke describes. There may be seen some complication in this test because of the formation of the white precipitates in which the cuprous chloride is in addition projected with thiourea. In order to avoid this complication I have made quite an analogous test in which another salt of copper was used, I namely used cupric acetate, which upon reduction to cuprous acetate does not yield a white precipitate. In order to make sure that my original solution contained cupric acetate I employed a well-

(Testimony of Frans Van der Grinten.)

known test on cupric salts in general, which consists of the addition of ammonia in excess to such solution. If to a cupric salt solution ammonia is added in excess a strong violet blue color is obtained. When I took my original cupric acetate solution and added to it thiourea, let it stand for some minutes, in order to give the thiourea an opportunity to react with the cupric acetate and then added ammonia I found that no more blue color appeared, which indicated that no more cupric salt was present. The cupric salt consequently was reduced by the thiourea.

Mr. HOFFMAN: I now offer in evidence the title page and pages 506 and 902 of *Modern Inorganic Chemistry*, by J. W. Mellor, 1927, as plaintiffs' Exhibit next in order.

(The document was marked "Plaintiffs' Exhibit 9.")

I will also offer in evidence this Rathke article appearing in "*Berichte der Deutschen Chemischen Gesellschaft*," 1884, pages 297 to 309, inclusive, as Plaintiffs' Exhibit next in order.

(The document was marked "Plaintiffs' Exhibit 10.")

"Q. Is thiourea the same as thiocarbamide?

"A. Yes.

"Q. In your answer to a preceding question you cited sodium thiosulfate as a reducing agent. Will you explain why that is a reducing agent?

(Testimony of Frans Van der Grinten.)

“A. Sodium thiosulfate is a reducing agent because it is capable of reducing ferric chloride to ferrous chloride, a similar reaction as the one described earlier for cupric chloride, and consequently falls under the definition of the reducing agent by Mellor. Thiourea, I might remark, is a classical example of a reducing agent—

“Q. Are you referring to thiourea?

“A. I am referring to sodium thiosulfate. Sodium thiosulfate is a classical example of a reducing agent. When a student at the university studies chemistry sodium thiosulfate will be one of the reducing agents he will make an acquaintance with.

“Q. Will you please describe what is meant by the term reducing agent, reducing aliphatic compound, as referred to in claim 3 of this patent?

“A. A reducing aliphatic compound is a substance which is an organic compound of non-aromatic constituents, that is to say it is not the kind of a substance as benzene, pyridene and derivatives thereof, and it has reducing power, and is capable of preventing that same discoloration of the prints.

“Q. Can you name any example of it?

“A. Examples of a reducing aliphatic compound are, for instance, aldehydes, formaldehyde, glycerin aldehydes, citrates, tartrates, glucose, and for instance a substance like thiourea.

“Q. Now, will you please describe what is meant by the term reducing amino compound as referred to in claims 4, 8, and 41 of this patent?

(Testimony of Frans Van der Grinten.)

“A. An amino compound is an organic substance, that is to say a substance which contains carbon, and which at the same time as a constituent part contains so-called amino groups. An amino group is built up from one atom of nitrogen and two atoms of hydrogen, which in the chemical formula is NH_2 . I wish to refer to a chart which I have prepared showing the formula of thiourea as an example of an amino compound, in which formula you will see in the center a C indicating a carbon atom and connected with the carbon atom NH_2 , and one more NH_2 , consequently with two amino groups. In order to back up this statement I would like to refer to certain literature, as, for instance, to a dictionary of chemical terms by James F. Couch, of New York, 1920, pages 10 and 11. Couch says under the heading “Amino,” “A prefix used to denote content of NH_2 , the amino group especially among aliphatic compounds not of acid nature. It is used interchangeably with amido, the latter term being preferred, by many authors for aromatic derivatives.” Also I wish to refer to Funk & Wagnalls New Standard Dictionary of the English Language, New York and London, 1929, page 92, which says: “Amino, a combining form indicating presence of the radical NH_2 in the compound.”

From both of these citations, of which I have photostatic copies here with title pages, it follows clearly without any doubt that a substance containing one or more NH_2 groups is to be considered [81] as an amino compound.

(Testimony of Frans Van der Grinten.)

Mr. HOFFMAN: I offer this title page and pages 10 and 11 of the Dictionary of Chemical Terms by James H. Couch and the title page and page 92 of Funk & Wagnalls Dictionary in evidence as Plaintiffs' Exhibit 11.

(The documents were marked "Plaintiffs' Exhibit 11.")

I also wish to offer in evidence the chart on thiourea as plaintiffs' exhibit next in order.

(The chart was marked "Plaintiffs' Exhibit 12.")

"Q. Now, will you please state whether thiourea, when present in the background of a diazo-type print acts to arrest a discoloration of the background of said print?

"A. Thiourea does, yes. I have made tests with these diazo prints containing none and containing thiourea and I always found that the print which does contain thiourea did not discolor appreciably in the time in which the print containing no thiourea did discolor considerably. I have made these tests, in which all the other conditions in both prints, which had to be compared, were entirely equal, in both tests.

"Q. Will you please state whether or not sodium thiosulfate when present in the background of a diazo print acts to arrest the discoloration of such background?

"A. It does, and I have made that sodium thiosulfate test in exactly the same way as described in my foregoing answer for thiourea, and I obtained exactly the same result.

(Testimony of Frans Van der Grinten.)

“Q. You first filed application for patent in The Netherlands on the invention described in this patent, did you not?

“A. I did.

“Q. Please state how many applications and give the dates of the filing of each.

“A. We filed in Holland three applications, the first on December 11, 1926, the second on February 10, 1927, and [82] the third on March 16, 1927.

“Q. Will you please state the relation of those three applications to this patent in suit?

“A. This patent is based upon the combined subject-matter of these three Netherlands applications.

“Q. When did you file the application in this country corresponding to this patent in suit?

“A. On June 6, 1927.

“Q. Then you filed the application on which this patent in suit issued within one year from the date of the filing of the first application in The Netherlands?

“A. Yes, we did.

“Q. I hand you herewith a certified copy of The Netherlands application filed December 11, 1926, together with a translation thereof into the English language, and ask you whether that is the application that you filed in The Netherlands.

“A. Yes, it is.

Mr. HOFFMAN: I offer this certified copy of the Holland application filed December 11, 1926,

(Testimony of Frans Van der Grinten.)

together with the translation thereof, in evidence as Plaintiffs' Exhibit 13.

(The document was marked "Plaintiffs' Exhibit 13.")

"Q. I hand you a certified copy of the application filed in The Netherlands on February 10, 1927, together with the translation thereof, and ask you to state whether or not that is the application that you filed in The Netherlands.

"A. Yes, it is.

Mr. HOFFMAN: I offer this certified copy of the Holland application filed February 10, 1927, together with the translation thereof, in evidence as plaintiffs' exhibit next in order.

(The document was marked "Plaintiffs' Exhibit 14.")

"Q. I hand you herewith a certified copy of the Holland [83] application filed March 16, 1927, together with the translation thereof, and ask you to state whether that is the application which you filed in Holland.

"A. Yes, it is.

Mr. HOFFMAN: I offer in evidence the certified copy of the Holland application filed March 16, 1927, together with the translation thereof, in evidence as plaintiffs' exhibit next in order.

(The document was marked "Plaintiffs' Exhibit 15.")

"Q. Now, will you briefly describe the subject-matter of these three Holland applications?

(Testimony of Frans Van der Grinten.)

“A. In the first-named Holland application a special class of diazo compounds is described which are especially useful in the positive diazo processes, because they yield especially dark, mostly a black color, with certain azodyestuff components. In the second application there is described the use of reducing agents for preventing discoloration of the background of diazo-type prints. In the third application there is described principally a reducing agent which apart from the property of preventing discoloration has the property of inhibiting the coupling capacity of a component so that these reducing agents are particularly useful for use in so-called two-component papers.

“Q. Will you please refer to claims 1, 3, 4, 7, 8, 16, 25, 40 and 41 of this patent and state which of those three Holland applications fully describes the invention recited in those claims?

“A. The second-named Holland application fully describes the contents of these claims.

Mr. HOFFMAN: Now, your Honor, inasmuch as we are relying upon the dates of the foreign applications, I would like to read for the convenience of the court into the record section 4887, Revised Statutes of the Patent Laws of the United States, [84] or 35 U. S. C. A. Section 32.

Mr. WHITE: I will stipulate that may go in without reading.

The COURT: I do not think you need read it. Do you want to state the substance of it?

(Testimony of Frans Van der Grinten.)

Mr. HOFFMAN: No, I just wanted to have it a part of the record.

“Q. Now, you are familiar with the Van der Grinten patent 1,841,653 in suit, are you not?

“A. Yes, I am.

“Q. Will you please describe the invention to which this patent relates?

“A. In explaining the invention of this patent I would again like to refer to the charts Nos. 7 and 8, as I did before in explaining the first patent in suit, and I also wish to refer to the explanation I have given when dealing with the first-named patent. In that explanation we have seen that in principle, the after treatment of a diazo print in order to make it stable against the further action of light can be confined exactly to an addition of a substance. We have seen that in a layer which only contained the diazo compound we only had to add the azodyestuff component and the alkali in order to obtain a print which not only was developed, but was also fixed. We see the same thing with the processes which work with the so-called two-component layers, that is to say, with a layer which contains the diazo compound and the azo coupling component, because there we only had to add to the print an alkali, be it a volatile or be it a non-volatile alkali. The invention of the second patent in suit not only deals with the carrying out of the developing step, but, or one can call it as well, the fixing step, that is to say it was a step by which

(Testimony of Frans Van der Grinten.)

these necessary substances are introduced into the exposed print. This in substance is described in the second patent in suit on page 1, lines 1 to 48. In the so-called two-component process we have the first form of a [85] process in which it is possible to fix a positive diazo print by mere addition of a substance. On account of the dry development this process has a great advantage over older processes like, for instance, the blueprint process, in which we had, as I explained before, to take out substances for obtaining a fixation. Here we only have to add something. We have to add ammonia, which we even could do by only bringing this exposed print in a room in which ammonia vapors were present. The advantage this process had over the old processes would have led to a great success of this process had not this process had a number of disadvantages. The treatment with these ammonia fumes mostly lasted for a long time, especially in low temperatures in the winter; this treatment took some times more than an hour, and it lasted such a long time before these ammonia fumes had sufficiently penetrated into this picture to insure a complete development. On the other hand, these ammonia vapors were injurious and it was rather difficult to avoid the ammonia vapors being inhaled by the workmen who had to work with these prints. These two drawbacks made it that this process had not the success which could have been expected therefrom as described. That is substantially de-

(Testimony of Frans Van der Grinten.)

scribed in the patent, page 1, lines 57 to 75. The old process is shown on chart No. 7, on the left-hand chart, in which we developed by inserting the print in a bath, we had a very quick development because the substance dissolved in the alkali or liquid could penetrate into the print in a very short time. The print immediately appeared, and we had at the same time in this process an advantage that we have not to do with the injurious ammonia vapors. However, as will be clear with this old method, with this bath, of course with the necessary consequence of drying, had no great advantage over the blueprint process in which we also have an after treatment in which the whole print had to be submerged in water. The submerg- [86] ing of these large-sized prints with which we had mostly to do in the technical reproduction always has been a difficult problem. The paper becomes weak by being wet on both sides, and it is rather difficult to dry these prints. Therefore, the advantage of a process in which merely something would have to be added was very great. This is described in the patent on page 1, lines 76 to 93.

I may remark that in both these processes we treat the exposed prints with an excess of the substance which had to be introduced. In the case of the ammonia fume development we introduced a print in a room in which there was much more alkali than was needed for the carrying out of the develop-

(Testimony of Frans Van der Grinten.)

ing reaction in the print. The same we had in the bath. In both cases we left the exposed print in the developing medium as long as it was necessary to obtain a complete development.

Going now to the invention of the second patent in suit, I can say that the basic underlying idea of this invention is the exposed print is treated on its exposed surface only with an extremely thin film of an alkali liquid which may, if necessary, contain also an azodyestuff component so that a certain quantity and no excess of the developing substance is added to the exposed surface of the print. This is described in the patent, page 1, line 94 to line 5 on page 2.

The chemical reaction takes place automatically after the thin film of developing substance has been added to the exposed surface. In the old processes we left the print in contact with the developing substance until the reaction had been completed. In this case we do the opposite, we add a certain quantity of the developing substance and do not wait, because the inter-action between the exposed surface and the developing chemical takes place automatically. The print, in this case, as soon as the developing liquid has been applied to it, can be left entirely to itself. [87] It can, for instance, be sent to the user, it can be mailed, it can be rolled up, and the further reaction, which might need some minutes more to complete, takes place automatically without having to wait therefor. The fact

(Testimony of Frans Van der Grinten.)

that we only add an extremely thin film of liquid brings the added advantage that these prints are also practically immediately dried. This, in substance, is described on page 2, lines 63 to 69.

By this method we avoid the disadvantages of the old method and combine all the advantages of the old method. We now develop in a few seconds, consequently quite rapidly, and we avoid the ammonia vapors. Our prints are practically dry immediately after the development, so that there is no disadvantage over the perfectly dry development method. This is in substance described on page 2 of the patent, lines 6 to 18. In the patent there is a drawing which shows a cross section of a device with which the thin film of developing liquid can be brought into contact with the surface to be developed. A lower and an upper roller are indicated, which rollers have a length that conform to the width of the prints which have to be developed. The lower roller revolves in a trough indicated by the letter C in the direction of a watch. The upper revolves in the opposite way. The print, indicated by H, is introduced over a feeding table with the surface to be developed upward over the upper roller, it passes along this roller and then through the two rollers. It is clear that the lower roller takes the developing solution out of the trough, brings it up to the point where the two rollers are in contact, where only part of the developer passes through this line of contact with the print and the

(Testimony of Frans Van der Grinten.)

rest flows down again into the trough. The print leaving the two rollers has on its surface an extremely thin film of the developing liquid, and is practically dry. The developers which may be used are aqueous solutions of alkaline or alkaline [88] re-acting substance, and if necessary, mixed with azodye components as phloroglucinol, resorcinol, naphthol, and the like. The developers also can contain substances for preventing the discoloration. This is in substance described on page 2, lines 84 to 94. The alkaline substance may be potassium or sodium carbonate eventually mixed with buffer salts such as citrates and the like. This is in substance described from line 103 to line 110 on page 2. The substances which may be added to the developing liquid for the arresting of the discoloration in the finished print are reducing agents which are stable in the alkaline medium of the developer. This, in substance, is described in lines 94 to 102 on page 2 of the patent.

“Q. Will you please explain the invention, particularly as to claims 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18?

“A. For explaining these claims I would like to divide them into four groups. The first group containing claims 1 and 3; the second group claims 4, 6, and 8; the third group claim 11 only, and the fourth group claims 13, 15, 16, and 18.

“Q. Will you please explain the invention particularly as to the first group of claims, namely, claims 1 and 3?

(Testimony of Frans Van der Grinten.)

“A. In the first group of claims, claim 1 is the broadest. It calls for two features, the first being a special composition of the developing liquid which is an alkaline liquid, containing an azodyestuff component and a reducing agent non-decomposable by alkali. The second feature is that this developing liquid is impressed upon the surface to be developed in the form of a uniformly thin film. Claim 3 calls for the following three features. The first feature, composition of the developing liquid which in this case is an alkaline liquid and containing an azodyestuff component. The second feature is that this alkaline liquid is impressed upon the surface to be developed in a uniformly thin film. The third feature is that by doing [89] so an amount of azodyestuff component not substantially in excess of that required to couple with the diazo compound is applied.

“Q. Will you please explain the invention with particular relation to the second group of claims, namely, claims 4, 6, and 8?

“A. In this group of claims, claim 4 is the broadest and calls for four features. The first feature relates to the composition of the developing liquid, which is a liquid containing a non-volatile alkaline substance. The second feature is that with this liquid the surface throughout its entire area is saturated. The third feature is that this is done by spreading the liquid to said surface in the form of a uniformly thin film. The fourth feature is that

(Testimony of Frans Van der Grinten.)

this is done in such a quantity which is substantially corresponding to that required for development.

Claim 6 calls for the same features as claim 4, but the developer contains in addition to the non-volatile alkaline substance a reducing agent.

Claim 8 calls for the same features as claim 4, but here the developer contains in addition to the non-volatile alkaline substance the azodyestuff component and a reducing agent.

“Q. Will you please explain the invention particularly as to the third group of claims, namely, claim 11?

“A. Claim 11 calls for five features. The first feature is that the developing liquid contains a non-volatile alkaline substance and an azodyestuff component. The second feature is that this alkaline liquid is spread on said surface in a uniformly thin film. The third feature is that this is done by saturating—I am sorry, I mixed up the second and third features. May I restate the features of this claim, please?

“Q. Yes, please restate it again.

“A. Claim 11 calls for five features. The first feature is that the developer consists of a developing liquid containing [90] a non-volatile alkaline substance and an azodyestuff component. The second feature is that the surface is saturated throughout its entire area with this liquid. The third feature is that this is done by spreading the liquid over the surface in the form of a uniformly thin

(Testimony of Frans Van der Grinten.)

film. The fourth feature is that the quantity thus applied is substantially corresponding to that required for the developing. The fifth feature is that in the light-sensitive layer there is used a special diazo compound of a type which cannot be used together with an azodyestuff component.

“Q. Will you please explain the invention with particular relation to the fourth group of claims, namely, claims 13, 15, 16, and 18?

“A. In this group of claims claim 13 is the broadest. It calls for four features. The first feature is that the developing liquid contains a non-volatile alkaline substance. The second feature is that the surface to be developed is saturated throughout its entire area with this liquid. The third feature is that this is done by momentarily wetting the exposed surface with an excess of said liquid and removing the excess immediately thereafter so as to depose a uniformly thin film of the liquid to the surface. The fourth feature is that thus a quantity of developing liquid is applied to the surface, which substantially corresponds to that required to effect development of the surface. Claim 15 calls for practically the same features as claim 13 but here the developer contains in addition to the non-volatile alkaline substance a reducing agent. Claim 16 again calls for the same feature as claim 13 but here the developer contains in addition to the non-volatile alkaline substance an azodyestuff component. Claim 18 calls for the same features as claim 13 but the

(Testimony of Frans Van der Grinten.)

developer contains in addition to the non-volatile alkaline substance an azodyestuff component and a reducing agent. [91]

“Q. You first filed application for patents in The Netherlands for the invention described and claimed in this patent, did you not?

“A. Yes.

“Q. Please state how many applications and the date of each.

“A. We filed applications in Holland, one on May 23, 1928, and one on August 22, 1927.

“Q. When did you file the application in this country corresponding to this patent in suit?

“A. On August 11, 1928.

“Q. Then you filed the application on which this patent in suit issued within one year from the date of filing of the first-filed application in The Netherlands?

“A. Yes, we did.

“Q. I now call your attention to the certified copy of the application filed in Holland on August 22, 1927, and the translation thereof into the English language which is a part of the File Wrapper of this patent, Plaintiffs' Exhibit No. 4, and ask you to state whether this is the application as filed in the Holland Patent Office.

“A. Yes, that is it.

“Q. I hand you a certified copy of the application filed in The Netherlands on May 23, 1928, together with a translation in the English language, and ask you to state whether this is the application that you filed in The Netherlands.

“A. Yet, it is.

(Testimony of Frans Van der Grinten.)

Mr. HOFFMAN: I offer the certified copy of the Holland application filed May 23, 1928, together with a translation thereof in evidence and ask that it be marked Plaintiffs' Exhibit 16.

(The document was marked "Plaintiffs' Exhibit 16".)

"Q. Now, will you please refer to claims 1, 3, 4, 6, 8, 11, 13, 15, 16 and 18 of this patent and state whether the first- [92] filed application in The Netherlands fully describes the invention recited in these claims.

"A. The first-filed application in Holland fully describes the invention described in these claims.

"Q. I again hand you the certified copy of the File Wrapper and Contents of patent No. 1,841,653, and ask you to inspect the oath in this application and state whether or not it lists these two applications about which you have testified.

"A. Yes. It does.

"Q. Will you please describe briefly the history of the diazo-type art prior to the inventions in the two patents in suit. I am referring particularly to the subject-matter set out in lines 39 to 79 on page 1 of the first Van der Grinten patent in suit.

"A. The positive diazo-type process was first practiced by Arthur Green in the year 1890. Green made a light-sensitive layer consisting of a very special diazo compound, the so-called diazo primulin, a diazo compound made from a dyestuff well known at that time and called primulin. The process

(Testimony of Frans Van der Grinten.)

was carried out exactly in the way as shown on Exhibit No. 7 in the left-hand part. Green obtained a German patent on his invention, and I have a photostatic copy of it here. This German patent is No. 56,606. I also have a translation of this patent.

In the year 1895 a German scientist by the name of Andresen found not only the diazo compound of primulin was capable of forming positive pictures in the way described, but that practically any diazo compound could be used for that purpose. Andresen indicated some special diazo compound which might advantageously be used. I have here an article which appeared in the *Photographic Correspondenz*, 1895, and a translation of this article.

In 1901 Ruff and Stein published an article in the "*Berichte der Deutschen Chemischen Gesellschaft*," the German periodical, [93] in which they described that a diazo compound named diazo carbazol is advantageously used for the process. I have here a photostatic copy of this article and a translation thereof. None of those processes has ever been carried out in practice. More than 20 years later Kalle invented the process as described in the left-hand part of Exhibit No. 7, the process with two components in the layer and the ammonia fumes development. He used for this process a special class of diazo compound, so-called diazo anhydrides, which had particularly the advantage of being capable of being mixed with azodyestuff

(Testimony of Frans Van der Grinten.)

components in the sensitive layer and thus forming stable layers as long as a sufficient amount of acid was present. I have a photostatic copy of Kalle's British patent 210,862.

I wish to refer to another Kalle British patent, No. 234,818, in which Kalle describes other special diazo compounds for the same purpose.

In the year 1927 we entered the field with the two inventions which I have already described.

"Q. You proceeded to introduce the inventions of the patents in suit commercially in the various countries, did you not?

"A. Yes, we did.

"Q. Were they favorably received?

"A. They were very favorably received. As I have already indicated, the state of the art the moment we entered the field was that we had on one hand to do with the ammonia fumes development process, and on the other hand with prints which had a strong discoloration. Although the ammonia fumes development process had a certain attraction for many users, one could make the prints in an entirely dry way, and could do away with all the difficulties they had in developing, for instance, blueprints. The success of this process, especially amongst users who had had already prints for months in their files, was [94] not so great. It very often occurred that a user started on this process and after a few months rejected it again because he then had found out the difficulty he was up

(Testimony of Frans Van der Grinten.)

against with workmen very often complaining about these injurious vapors. Those who had to use the print complained about the discoloration of these prints. Although I must say that the Kalle invention was the first step to carry out the positive diazo-type process in practice one must, on the other hand, say that this first step was a very incomplete one. It was only after we had entered the field with our two inventions, the first adding a reducing agent to the finished print in any way, and doing away with the discoloration, and using the thin film as described in the second patent, thereby getting a quick and odorless development—only, I say, after these two inventions had been made did the diazo-type processes become a final success, and I may say especially in this country, where the drawback of the ammonia fumes was felt much more than, for instance, in many European countries on account of the fact that very often these prints had to be made in this country in big buildings and in big cities where it was very difficult to get rid of these ammonia fumes.

“Q. Then your inventions have made positive diazo-type prints a great commercial success?

“A. They have.

“Q. Did any of these patents or publications of the prior art prior to your inventions disclose the use of a reducing agent to prevent discoloration with the background of the finished print?

“A. No.

(Testimony of Frans Van der Grinten.)

Mr. HOFFMAN: I offer in evidence a copy of German patent No. 56,606, together with a translation thereof, and ask that it be marked Plaintiffs' Exhibit 17.

(The patent was marked "Plaintiffs' Exhibit 17.")

I offer in evidence a copy of the Andresen article in [95] Photographische Correspondenz, together with a translation thereof, in evidence as Plaintiffs' Exhibit 18.

(The document was marked "Plaintiffs' Exhibit 18.")

I offer in evidence a copy of the Ruff and Stein article, pages 1668 to 1670, Berichte, 34, 1901, together with a translation thereof, and ask that it be marked Plaintiffs' Exhibit 19.

(The document was marked "Plaintiffs' Exhibit 19.")

I offer in evidence a copy of British patent No. 210,862 as Plaintiffs' Exhibit 20.

(The patent was marked "Plaintiffs' Exhibit 20.")

I offer in evidence a copy of British patent 234,818, as Plaintiffs' Exhibit 21.

(The patent was marked "Plaintiffs' Exhibit 21.")

Cross Examination.

"Q. Doctor Van der Grinten, you testified yesterday, did you not, that you had introduced your

(Testimony of Frans Van der Grinten.)

process and your paper and developer throughout various countries of the world.

“A. Yes, I did.

“Q. Did you obtain letters patent in these various countries?

“A. Yes, we obtained letters patent in nearly 23 countries of the world.

“Q. Based upon the original Dutch applications?

“A. Based upon the same applications that the United States patents were based upon, and in parts the same as the United States patents.

“Q. In other words, did you obtain letters patent in Australia?

“A. Yes, we did.

“Q. Did you obtain letters patent in Great Britain?

“A. Yes, we did.

“Q. Did you obtain letters patent in France?

“A. Yes, we did.

“Q. And of course you did in The Netherlands?

[96]

“A. And of course we did in The Netherlands.

“Q. Did you obtain letters patent in Germany?

“A. In Germany we applied for a patent, but in Germany we met strenuous opposition against the patents, like in different other countries, too. For instance, in Holland we also had opposition against our patents, and in Czechoslovakia, and in

(Testimony of Frans Van der Grinten.)

different other countries, and even in Great Britain, nevertheless we obtained the patents there.

“Q. You did not obtain letters patent in Germany, though?

“A. So far, no. In the meantime we have sold in Germany the applications——

Mr. HOFFMAN: If your Honor please, I object to this line of questions because I think it is entirely immaterial and irrelevant what happened in other countries with respect to the patents.

Mr. WHITE: The purpose of this testimony, your Honor, is that I want to show to the Court the same controversy which is involved in this suit was before the German Patent Office in 1929 and 1930, and decided adversely to the plaintiff here.

The COURT: I don't think that is material. If that is evidence against the plaintiff then the fact that he received patents in 22 countries would be evidence in his favor. I don't think the Court would be influenced by either of those circumstances.

Mr. WHITE: The fact that the German patent office had under consideration the same subject-matter that is involved in this suit I think is material. What I propose to show is that the Kalle Company—the company mentioned by the plaintiff—filed an application in Germany in 1928 or 1929, which application the Van der Grintens opposed, and the opposition was based on contentions similar to the contentions which are made in this suit. The same subject-matter was involved. The German

(Testimony of Frans Van der Grinten.)

Patent Office rendered a decision. I have here the decision of the German Patent Office in that respect.

[97]

The COURT: Well, with reference to that, if there is a decision I think you would have a right to refer to it. You would have a right to refer to it without introducing it in evidence, just as you would have a right to refer to decisions in any District Court or any Circuit Court of this country, or to a decision of a court of any country. The objection is overruled; exception.

Mr. WHITE: I have here, your Honor, a certified copy of the File Wrapper and Contents of letters patent No. 526,370, issued in Germany to Kalle & Company, together with an official translation thereof, certified to by the United States Consul. I would like to have it marked for identification at this time as Defendant's Exhibit A.

Mr. HOFFMAN: Your Honor, I object to the introduction of that because the date is entirely too late. The earliest date, even if we can only get the benefit of our United States date, we are still a year ahead of that application or patent. The effective date of that patent as a publication is May 13, 1931. Our filing date of our first patent over here is June 6, 1927. This is five years later than the filing date of our application here in this country. That is not taking into account our foreign application, which is February 10, 1927. This is five years too late. The date is entirely too late to be effective

(Testimony of Frans Van der Grinten.)

even as a publication. That is the purpose counsel intends to use it for.

Mr. WHITE: No, that is not the purpose for which I intend to use it.

The COURT: As I understand it, there was an application in Germany for a patent, just as there was an application in this country for a patent. Germany denied the patent and stated its reasons. The Court may read the opinion given there, just as I may read the opinion of any court in this country, any District Court or any Circuit Court, or the court of any other country. [98] Objection overruled; exception.

(The document was here marked "Defendant's Exhibit A, for identification.")

"Q. Dr. Van der Grinten, do you recall that on or about the 16th day of February, 1928, the firm of Kalle & Company filed an application for letters patent in Germany?

"A. I recall a good many of these patent applications of Kalle; will you give me an idea on what subject this is?

"Q. Do you recall an application the subject-matter of which was the addition of certain compounds to diazo sensitive layers, the compounds being derivatives of thiocarbonic acid such as thio-urea?

"A. I certainly remember that application by Kalle in Germany.

(Testimony of Frans Van der Grinten.)

“Q. Do you recall the claim made by Kalle & Company in that application? I will hand you this translated copy and ask you to read that to the Court.

“A. Process for making diazo photographic prints lasting, characterized by the fact that sulfur or selenium compounds, especially derivatives of thiocarbonic acid, preferably thiocarbamide, are added to the light-sensitive layer.

“Q. Now, I ask you, Doctor, is the substance thiocarbamide also known as thiourea?

“A. It is.

“Q. Did your firm in 1929 employ as German counsel the firm of Karsten & Wiegand?

“A. We did.

Mr. HOFFMAN: I object to that question, your Honor.

The COURT: The question is harmless. Objection overruled; exception.

“Q. On or about January 7, 1929 did your German counsel file an opposition to the issuance of letters patent to Kalle & Company to which we have just referred?

“A. As far as I remember, yes. [99]

“Q. Do you remember the contentions which were made in that opposition proceeding?

“A. Not quite distinctly any more. The main objections I remember.

“Q. What were the main objections?

“A. The main objections were that the claim in this patent reading for a substance having re-

(Testimony of Frans Van der Grinten.)

ducing properties and being at the same time an amino compound had already by the previous publication of our French patent corresponding with the first patent in suit been so clearly published that there was no more invention in the fact that Kalle suggested thiocarbamide as a substance capable of preventing the discoloration of finished prints. A second argument which we used against this patent application was that in the French patent as it was published there was also suggested to be used so-called anti-oxygenes of Moureu. An argument derived from the second argument was that Moureu mentioned in his publications thiourea, by name. So we were of the opinion that when we in our French patent published, as I stated yesterday, in connection with the first patent in suit exactly in the same wording, using a reducing agent, preferably used amino compounds, preferably anti-oxygens of Moureu, we were of the opinion, I say, that nobody else could get a valid patent after this publication, which claimed the use of thiourea for preventing the discoloration of diazo-type prints. The German patent office, however, did not agree with us——

“Q. Just a minute, please, Doctor. Referring again to this official translation of the File Wrapper and Contents of the opposition proceeding, will you kindly state whether or not your contentions are set forth in this paper and, if so, at what pages? I want you to do that for the benefit of the Court and of the record. [100]

(Testimony of Frans Van der Grinten.)

“A. That will take me an hour.

“Q. Just glance at it briefly, Doctor. I think the record will speak for itself.

“A. I think I cannot do it in a short time, because it is too difficult to do in a short time.

Mr. WHITE: Then I will pass it. I might state for the benefit of the Court and also for the record that the contentions of the firm of Van der Grinten made against the issuance of letters patent to Kalle & Company are set out on pages 9 and 14 of the official translation of this File Wrapper.

The COURT: Is it 9 and 14, or is it 9 to 14?

Mr. WHITE: I would say 9 to 14.

“Q. As a matter of fact, the word “thiourea” was never mentioned in your French patent, was it?

“A. The word “thiourea” was not mentioned in the French patent.

“Q. The word “thiourea” was not mentioned in your United States Applications?

“A. No, it was not mentioned in the United States applications.

“Q. Nor in any application you ever filed in any country?

“A. Yes, in making other applications we used the word “thiourea”, but we did not in the United States applications.

“Q. The German Patent Office rendered a decision in this opposition proceeding. Can you state briefly what the substance of that decision was, as you recall it?

(Testimony of Frans Van der Grinten.)

Mr. HOFFMAN: That is objected to, your Honor.

The COURT: Why ask the witness? You have it there.

Mr. WHITE: I will strike the question.

“Q. You just testified, Doctor Van der Grinten, that your French patent, together with your United States patent discusses or mentions organic reducing agents and they are preferably used with anti-oxygenes of Moureu; is that correct?

“A. I may say it is nearly correct, it is not altogether correct. [101]

“Q. Will you kindly read again to the Court from the first patent in suit, No. 1,821,281, at page 2, lines 62 to 71 inclusive?

“A. ‘Preferred reducing agents are organic substances such as aldehydes, amino compounds, aliphatic amido-compounds, polyoxy-compounds or the like, and the reducing agents are preferably used together with very small quantities of the substances with catalytic action defined as “anti-oxygenes” by Moureu (Chemisch Zentrallblatt 1922 I 1317; Comptes Rendus 174 pages 258-264 and following).’

“Q. You have stated that in your opinion thiourea is a reducing amino compound: Is that your testimony?

“A. That is my testimony.

“Q. Do you now testify that thiourea is also an anti-oxygene of Moureu, so-called?

(Testimony of Frans Van der Grinten.)

“A. It is because it is staed by Moureu in his list of anti-oxygene substances.

“Q. Does this substance act as a reducing agent when used in extremely minute quantities, in the quantities suggested by Moureu as anti-oxygenes?

“A. It does on certain theories, at least when we follow the theories which Moureu, himself, had on this subject.

“Q. You made the contention in the German patent office proceeding that thiourea in the examples given by Kalle was not only an anti-oxygene of Moureu but also a reducing amino compound; is that not correct, as you recall it?

“A. I think we have used that argument, but my memory is not so splendid that I can know that, because it is so long ago.

“Q. Is it or is it not a fact that thiourea when used in extremely minute quantities, say molecular quantities of $1/40000$ or $1/100000$ part, that in that case it is known as an anti-oxygene of Moureu, but in larger quantities than that it may act as you have stated in your opinion as a reducing agent?

[102]

“A. In my opinion and the opinion of Moureu it does not make any difference whether the substance is used in small or in large quantities at all. The action of a substance as such, that is to say, the specific action of a certain substance when acting has nothing to do with the quantity of such substance. A substance acts in a certain way, or acts not in a certain way.

(Testimony of Frans Van der Grinten.)

“Q. Then in the United States application, and particularly in those paragraphs which you have just read to the Court, when you said that reducing agents are preferably used together with very small quantities of substances with catalytic action defined as anti-oxygene by Moureu, you naturally are not referring to thiourea in both instances, once as a reducing agent and once as an anti-oxygene of Moureu, are you?

“A. I cannot see how that is pertinent here.

Mr. WHITE: Will your Honor instruct the witness to answer the question?

Mr. HOFFMAN: I submit that he is asking the witness about something that we never touched on in our direct examination at all, your Honor. I therefore object to the question on that ground.

The COURT: Objection overruled; exception.

“A. I might answer this question ‘Yes’ or ‘No’. In one way we may not be referring to thiourea as an anti-oxygene, and in another way we may, because thiourea can act as a reducing agent and as an anti-oxygene in a catalytic way absolutely at the same time. These questions of internal chemistry I might say which are involved in these processes are not enough known so that I could make a distinction between the reducing action and the purely catalytic action.

Mr. WHITE: At this time I would like to introduce in evidence as Defendant’s Exhibit A the paper I had marked Defendant’s Ex- [103] hibit A

(Testimony of Frans Van der Grinten.)

for identification, that is to say, the certified copy of the File Wrapper and Contents of the German letters patent 526,370, and the official translation thereof.

Mr. HOFFMAN: I would like to know for what purpose that is being offered, whether for the prior art or as a pleaded publication.

Mr. WHITE: As a pleaded publication.

Mr. HOFFMAN: It never has been pleaded.

Mr. WHITE: Then I can introduce it to show the state of the art.

The COURT: Objection overruled; exception.

Mr. HOFFMAN: I submit that it is too late, your Honor, to show the state of the art.

The COURT: It was later than the filing date of the application?

Mr. HOFFMAN: He is only showing the state of the art since 1928.

Mr. WHITE: It is also to show the German Patent Office had under consideration the same question that it involved in this suit. I submit to your Honor that it is admissible under that rule, and also it is admissible under 28 U. S. Annotated, Section 674, which states that certified copies of a foreign patent may be admitted in evidence.

The COURT: To show the prior art it must have been prior to the application for the patent.

Mr. WHITE: I am not particularly interested in that question, your Honor, but I am particularly interested in showing your Honor that this controversy has already been decided.

(Testimony of Frans Van der Grinten.)

The COURT: And that the patent was denied, and giving the reasons why it was denied?

Mr. WHITE: That is it, your Honor, yes.

The COURT: It is admitted for that purpose. I have already [104] discussed the theory on which I have admitted it.

(Defendant's Exhibit A for identification was received in evidence and marked "Defendant's Exhibit A.")

"Q. You testified yesterday, Doctor, with respect to a reducing agent, and gave us some definitions of that. In the first part of your testimony you stated that when copper was exposed to atmosphere the copper turned slightly green: Is that correct?

"A. It did.

The COURT: Are we interested in that in this case?

Mr. WHITE: Not in copper, your Honor. No.

The COURT: Why go into it? The witness testified that certain chemicals were reducing agents. Are those chemicals reducing agents?

Mr. WHITE: That is what you would like to know, is it not?

The COURT: He agreed that they are?

Mr. WHITE: No. Your Honor, and particularly with respect to thiourea. That is the bone of contention in this case, if I may put it that way.

The COURT: In explaining the term "reducing agent" the doctor went into a number of things with which we are really not concerned. The ques-

(Testimony of Frans Van der Grinten.)

tion is whether or not these particular chemicals mentioned constitute a reducing agent. That is the question, as I understand it.

Mr. WHITE: That is it, your Honor. May I just briefly refer to his definition, your Honor?

The COURT: Very well.

“Q. You stated yesterday, Doctor, that a reducing agent may be defined in two ways. Will you repeat that again, please, the two definitions of a reducing agent?

The COURT: Did he not quote from authorities? for instance, did he not quote from the dictionary? [105]

“A. I quoted from Mellor.

“Q. I am particularly interested in this definition which you stated yesterday, and I want to ask you again if this is still your testimony; in other words, you confirm Mellor in this regard. A reducing agent is a substance which can decrease the non-metallic part of a compound.

“A. I quoted that from Mellor. May I have just a glance at Mellor, please? Yes, to decrease the non-metallic part of a compound.

“Q. And particularly a metal salt?

“A. As an example he gives a metal salt.

“Q. As a matter of fact, in the diazo type or the diazo print which is made in accordance with these processes which we have been discussing, the decomposition products remaining in the exposed print are not metal salts, are they?

“A. No.

(Testimony of Frans Van der Grinten.)

“Q. So that if the substance thiourea were placed in the finished print and if it so happened that the discoloration of the background of the print was arrested for an appreciable period of time, it does not necessarily follow that thiourea has had a reducing action on the decomposed products remaining in the background, does it?

“A. It does not necessarily follow; that is to say, it does not one hundred per cent. necessarily follow, but in my opinion it at least follows for 99 per cent. When an oxidation reaction is involved in a process and a reducing agent—a substance which falls under the definition of a reducing agent, a substance, for instance, such as thiourea which is capable of reducing cupric chloride to cuprous chloride—is capable of counteracting such a reaction, then 99 out of 100 chemists will say that this is due to the reducing action of that substance.

“Q. Is thiourea oxidized in the diazo-type process if it were [106] present in the finished print?

“A. Thiourea is doubtless oxidized although probably in so small quantities that we cannot detect it.

“Q. You testified that in the reducing action the reducing agent is oxidized.

“A. I did.

“Q. Does thiourea absorb oxygen?

“A. It does not, at least not under normal circumstances.

(Testimony of Frans Van der Grinten.)

“Q. You repeatedly referred to the action of thiourea upon cupric chloride and have referred to a publication published in 1884 by Rathke; when was the first time you saw that publication Doctor?

“A. I don’t remember.

“Q. Was it before or after you had finished at the University at Munich?

“A. I think it was after.

“Q. When you started to work at your father’s establishment at Venlo?

“A. I don’t know that any more.

“Q. Does the publication in *Berichte* by Rathke in 1884 mention anything about reducing agents? Is the word “reducing agent” mentioned in that publication?

“A. I don’t know.

“Q. Does Rathke describe a reduction process in that publication?

“A. He certainly does.

“Q. In so many words?

“A. In very many words and in very clear words.

“Q. The words ‘reduction process’ and ‘reduction agents’ are mentioned?

“A. I don’t know whether the words ‘reduction agent’ appear in that paper, but I know that Rathke says thiourea takes off [107] one of the atoms of chlorine of cupric chloride and this forms cuprous chloride. Any chemist in the world will say this is a reduction. It is in no way necessary that Rathke in

(Testimony of Frans Van der Grinten.)

that article use the word 'reduction'. As I said yesterday, the taking off of chlorine is the same as saying a reduction action is going on.

"Q. The first sentence in this publication by Rathke, which is Plaintiffs' Exhibit 10, is as follows:

"The subject matter of this paper relates to some combinations of thiourea with inorganic salts which are of particular interest because from them it may be shown that they do no longer contain this salt as such, but that the metal has entered the urea complex, and that the latter one then has combined with the acid." Will you look at that sentence and tell me whether or not the paper in any way relates to the reduction of cupric oxide, or any metal salt, or any copper salt by thiourea?

"A. It certainly does. In these lines which you have been reading—yes, even the lines you have been reading as follows, which I see here; the pages as quoted by me, page 2 of the translation, doubtless refers to the reducing of cupric chloride to cuprous chloride.

"Q. Will you turn to page 3, the sentence commencing 'The remainder of the thiourea in the filtrate was then decomposed by an ammoniacal silver solution, the silver sulfide collected upon a weighed filter and freed from silver chloride by careful washing with ammonia,' etc. If thiourea were a reducing agent would we not have metallic silver there rather than a silver sulfide?

(Testimony of Frans Van der Grinten.)

“A. No, sir, we would not.

“Q. Will you explain your answer?

“A. When you have hydrogen sulfide and ammoniacal silver solution you will get a silver sulfide exactly as you get it in this way, which does not prove at all that hydrogen sulfide, [108] one of the most well-known reducing agents, is no reducing agent. The only thing you then observe is that there was a complication in the reaction which makes it impossible for the reducing agent to bring about this action. No chemist will say that hydrogen sulfide is not a reducing agent; still, hydrogen sulfide does not depose any metallic silver out of an ammoniacal silver solution.

“Q. Have you ever seen in any other literature in any place, in any hand-books of organic chemistry, any statement that thiourea was a reducing agent.

“A. Oh, yes. I have very often seen it not only in handbooks but in publications that thiourea acted in a reducing manner.

“Q. Are you familiar with the publication of Beilstein on Organic and Inorganic Chemistry?

“A. You will excuse me, please, for not knowing what you mean by the word ‘familiar.’

“Q. Do you know whether or not it is an international authority on chemistry?

“A. The Beilstein Hand-book is a book which collects all kinds of details about organic chemical

(Testimony of Frans Van der Grinten.)

substances, but whether Beilstein is an international authority or not, I do not know.

“Q. Does thiourea reduce ammoniacal silver nitrate solution?

“A. As I have already said, in this reaction a complication is involved because silver sulfide is formed; the silver being already transmitted to the silver sulfide it cannot be any more reduced, because the silver sulfide forms an insoluble deposit and thus can be no more acted upon by the thiourea.

“Q. Does thiourea reduce mercuric chloride solution?

“A. It certainly does.

“Q. Does it reduce chromic chloride solution? [109]

“A. It does not. That does not mean that it is not a reducing agent. If only substances capable of reducing chromic chloride would have to be considered as a reducing agent, I might say that only nascent hydrogen could be considered as a reducing agent.

“Q. Glucose will reduce this substance I have just mentioned, will it not?

“A. I don't know whether it will reduce chromic chloride solution, or not; I am in doubt about that.

“Q. It will reduce mercuric chloride solution?

“A. It will reduce mercuric chloride solution.

“Q. How about tartaric acid and citric acid, or the salts thereof, will they reduce this substance?

(Testimony of Frans Van der Grinten.)

“A. Yes, certainly they will, because there are no complications.

“Q. You are not sure about thiourea reducing ammoniacal silver nitrate?

“A. I certainly am; that has nothing to do with the reducing properties of thiourea.

“Q. How about formaldehyde?

“A. It will reduce, as far as I know, ammoniacal silver solution.

“Q. In other words, practically every reducing agent you can think of with the exception of thiourea will reduce ammoniacal silver nitrate: Is that right?

“A. No. Hydrogen sulfide one of the most excellent reducing agents which we have, does not reduce ammoniacal silver solution; consequently, thiourea in not reducing ammoniacal silver solution is in very good company.

“Q. Hydrogen sulfide, is that the reducing agent you mention?

“A. That is a very strong reducing agent.

“Q. That is an inorganic reducing agent?

“A. Yes. [110]

“Q. And glucose and citric acid are all organic reducing agents, are they not?

“A. Yes, they are.

“Q. Now referring to the first patent in suit, 1,821,281, page 2, line 56, starting ‘The invention is based on the observation,’ etc., you have that paragraph before you there; will you kindly state to

(Testimony of Frans Van der Grinten.)

the Court whether or not all reducing agent, if added to a sensitive diazo layer, or during or after development of the picture, will arrest discoloration of the background?

“A. I cannot give a direct answer to this, because I do not know. I have never been given the opportunity to test all reducing agents, of which there are certainly thousands, and I have not been able to test certain reducing agents on all the possible combinations of diazo type and azodyestuff components which may constitute the finished print in which we have to arrest the discoloration. The only thing which I know and have found is that the reducing agents in acting on the discolorations act very specifically, which means that one reducing agent may be very strongly arresting the discoloration in one particular case and not so good in another combination. For instance, thiourea is a very good reducing agent when used in combination with certain diazo type azodyestuff components whilst it does not work very well when other such combinations are used. On the contrary, another reducing agent, like glucose should work in the first-named combination and practically not in the second combination very well. It is consequently perfectly impossible to say whether a reducing agent is not active in arresting discoloration as long as one has not had the opportunity to test whether such a reducing agent prevents a discoloration in all kinds of possible combination of diazo and azo components.

(Testimony of Frans Van der Grinten.)

“Q. Will you turn to page 5 of your patent and refer to the first claim in suit, claim No. 1; please define the reducing [111] agent which is specified in that process.

“A. In this claim is not specified a specific reducing agent.

“Q. What are the elements of the process?

“A. The elements of the process are that to the finished print there is added in any stage of its manufacture a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said print.

“Q. What is that reducing agent?

“A. That is not one reducing agent.

“Q. How would you practice the process of that claim?

“A. I would practice it in taking a reducing agent and trying whether under the circumstances I am working under it gives the result which I want.

“Q. In other words, if you get the result you have practiced the process: Is that it?

“A. No, that is not what I said in other words.

“Q. How would you practice the process?

“A. As I have already told you.

“Q. Is that not the same thing as saying that if you get the result then you have practiced the process?

(Testimony of Frans Van der Grinten.)

“A. No sir, it is not, particularly so because when I read a patent—at least when I do it as a scientist I not only read the claim of the patent, but I read the description and I find that the description of the patent gives me certain directions, prefers reducing agents, etc. It gives certain examples, certain particular individual or chemical substances, and so on, etc., and tells me how to read and practice the first claim of the patent.

“Q. You say on page 2 that preferred reducing agents are organic substances as aldehydes. Do the aldehydes arrest the discoloration of the background on a finished diazo print?

“A. I cannot answer that question. I could only give you the [112] same answer I have already given, that in order to know that I would have to try out all of the possible combinations on diazo and azo components, the discoloration of which I have to arrest. Only then I could give you an answer and say will or will not.

“Q. That would be rather an exhaustive and painstaking experiment, would it not?

“A. I think it would take a man's life, at least, and even then he would not be finished.

“Q. How about amino compounds, do all amino compounds arrest the discoloration of the background?

“A. I can only give you the same answer on that.

“Q. Do all reducing amino compounds arrest the discoloration?

“A. I will give you the same answer that I have given you before.

(Testimony of Frans Van der Grinten.)

“Q. Then again if you get the result, if you get a print in which the background does not discolor for an appreciable period by using certain ingredients, then you have practiced the process, but if you do not get that result with an amino compound, or with an aldehyde, or a reducing polyoxy compound, if you do not get that result then you have not practiced the process of claim 1?

“A. That may be, although I am not here as an expert to explain the scope of the patent and how that has to be.

“Q. I am not asking you that. I am asking you how you practice the process.

“A. Excuse me, I thought you asked me that. I think your question comes very close to asking me that.

“Q. When the diazo sensitive layers and developers are put out on the market they are put out under directions how to use them to manufacture a diazo type?

“A. Yes, I think they mostly are; of course, that depends upon the firm which puts them on the market. [113]

“Q. Then anyone who has been selling and manufacturing diazo types, say for a period of a year or two years, would be a person skilled in the art of manufacturing diazo types, would he not?

“A. From a certain point of view, yes, he would be skilled to use manufactured papers and manufactured developers in the right way.

(Testimony of Frans Van der Grinten.)

“Q. That is what I say. He would be skilled in the art of manufacturing diazo types from diazo layers and developers therefor which have been put on the market and which he has purchased and used?

“A. I think so, yes.

“Q. Assuming for the moment that the diazo layer which is furnished to him and the developer therefor, which is furnished to him, do not contain any reducing agent whatsoever, how would that person who is skilled in the art practice the process of claim 1 by introducing a reducing agent capable of arresting the discoloration of the components of the background, what would he do to practice that process?

“A. I think this man could not be considered skilled enough to practice that process.

“Q. You are familiar with the blue line or the blue printing process are you not, Doctor?

“A. Yes.

“Q. You were speaking on your direct examination of the fixation of exposed prints.

“A. Yes, I was.

“Q. Would you say that men who have been engaged in the blue-printing industry are skilled in the art of blueprinting and are experienced in fixing the exposed prints with certain substances or certain chemicals?

“A. Only in this respect, that such a man can make a blueprint [114] when a good blueprint paper is marketed and sold to him. There must be a dif-

(Testimony of Frans Van der Grinten.)

ference between a process from the whole chemical point of view and a process which is carried out only in part and certain manipulations by those skilled in handling and operating these different phases of the process.

“Q. In the blueprinting process, to fix the print the blueprinter uses a water bath and a bath of hypo, so-called, also known as a bath of sodium thiosulfate.

“A. I never heard of any hyposulphites or sodium thiosulfate being used in fixing a blueprint.

“Q. Assuming for the moment that a blueprinter did use sodium thiosulfate in the blueprinting industry to fix or to stabilize or to arrest the discoloration of the background of the blueprint, would it occur to him to use hypo or sodium thiosulfate to arrest the discoloration of a diazo print if it so happened that it did discolor it?

“A. I don't think it would occur to him at all.

“Q. You say you have never heard of them using hypo or sodium thiosulfate in connection with a blueprint?

“A. No, I honestly must say I never heard of it.

“Q. Are you acquainted with the so-called brown line process, manufacturing brown line prints?

“A. I don't know what you understand by brown line prints in this country.

“Q. What do you understand to be brown line prints in your own country?

“A. We do not use that name.

(Testimony of Frans Van der Grinten.)

“Q. Referring again to the so-called brown line process, are you familiar with the so-called negative or Van Dyke process, also known as the sepia process, or silver process.

“A. The sepia process is known to me.

“Q. In the sepia process, in order to fix the background of the [115] finished print, do you use hypo?

“A. We certainly do, like we do for fixing photographic negatives.

“Q. How long have you used hypo in that sepia process?

“A. I think in the sepia process, as well as in the normal photographic negative process—

Mr. HOFFMAN: Just a moment. I object, your Honor, to this line of questions. We have not testified about this process in our direct. It really is not pertinent to the diazo type art. It is just as distinct as the photostat art and the blueprint art.

The COURT: Objection overruled; exception.

“Q. Hypo, so-called, as you have previously testified, is also known as sodium thiosulfate?

“A. It is.

“Q. And that is a reducing agent, itself?

“A. It is.

“Q. An inorganic reducing agent?

“A. An inorganic reducing agent.

“Q. Do you know whether or not the sepia process has been practiced in the United States for a period of time?

(Testimony of Frans Van der Grinten.)

“A. I may assume that it has been used in this country for many, many years.

“Q. And the diazo type process is practiced in the same industry as the sepia process, is it not?

“A. I think it mostly will be.

“Q. So that a workman practicing the diazo type process alongside of the sepia process, and obtaining prints from the diazo type process which discolor, would naturally use hypo to prevent the discoloration on the background of diazo types?

“A. I can only say this, that on account of the immense chemical difference between the one and the other process the sepia [116] process, working with silver salts from which by the action of light silver is formed so as to obtain a negative print, the diazo type art working with diazo compounds, substances of quite different nature—I would like to repeat that on account of this difference in the chemical working of these two processes the workman applying thiosulfate to a diazo type print and finding that thiosulfate arrests discoloration of the diazo type print would make a 100 per cent invention.

“Q. The two processes are practiced side by side in the same industry, are they not?

“A. They may be.

“Q. And a workman having in his plant a bath of hypo which he uses to arrest the discoloration of the sepia prints would naturally use the same substance—hypo—to prevent the discoloration of the

(Testimony of Frans Van der Grinten.)

background of the diazo prints if it so happened that the diazo prints did discolor?

“A. I think that out of 10,000 workmen not one would come to that idea. If a workman did so and found that thiosulfate was capable of arresting the discoloration on a diazo type print, he would make a very great discovery, and would make a patentable invention.

“Q. That is merely your conclusion, is it not?

The COURT: He is stating it as his conclusion.

“A. It is not my conclusion, it is my opinion.

“Q. Will you turn to claim 3 of the first patent in suit, which is on page 5 of the patent, and state to the court the elements of the process defined in claim 3?

“A. This claim calls for including in a diazo type print a reducing aliphatic compound capable of arresting, under normal conditions, the discoloration of components formed on the background of said print.

“Q. That is, there is merely one step there, merely the [117] addition of this reducing aliphatic compound capable of arresting the discoloration under normal conditions of components formed on the background of the print?

“A. This is one step which however as I have explained on the chart, Plaintiffs' Exhibit 8, can be done in different ways.

“Q. Yes, I understand that, Doctor. What is a reducing aliphatic compound capable of arresting

(Testimony of Frans Van der Grinten.)

under normal conditions the components of the background of a diazo type print?

“A. It is an organic compound, not of an aromatic nature, that is to say, not of the nature of benzene or pyridine, or the derivatives of such substances which has reducing properties and which is capable of arresting the discoloration.

“Q. You are defining it in the terms of the effect, that is to say, what it may produce; can you not define a reducing aliphatic compound capable of arresting discoloration in any other way?

“A. I can only give a definition of such a reducing aliphatic compound by saying what I have said, that it must be an aliphatic compound, that is, an organic non-aromatic compound, and capable of arresting discoloration.

“Q. How many reducing aliphatic compounds are known to chemists?

“A. I could not possibly say that, but I think it must be many, many thousands.

“Q. Then in order to practice this process one would have to pick and choose, so to speak, from countless reducing aliphatic compounds and try it out under exhaustive experiments and if he got this result of arresting discoloration of the background then he would be practicing this process: Is that correct?

“A. That would be correct if the man who intended to carry out the process only was given the opportunity to read the third claim, but he has

(Testimony of Frans Van der Grinten.)

an opportunity to read the whole patent, to read the description and the examples which give [118] indications and by which he might obtain the result quicker.

“Q. All reducing aliphatic compounds are not capable of arresting discoloration of the background on a diazo type print are they?

“A. As I told you already, nobody can know that, because nobody can be in a position to have tested all reducing aliphatic compounds in all different combinations on diazo type prints.

“Q. Will you turn to page 4. Under Example 1 is there any statement there between lines 29 to 46, inclusive, relative to reducing agents, whatsoever? Is the word ‘reducing agent’ used in that paragraph?

“A. In this example a chemical compound, namely formaldehyde, is added to the bath and consequently added to the finished print.

“Q. I didn’t ask you that, Doctor. I asked you whether the term “reducing agent” was used in that paragraph.

“A. No.

“Q. Then anyone who had been practicing this process for two or three years, or for four years with diazo-type paper and the developer would not know by referring to the examples set out on page 4 what ingredient or what substance set out in that example was a reducing aliphatic compound from the specification, itself, would he.

(Testimony of Frans Van der Grinten.)

“A. He would, of course, when he would read my first example. That teaches him to use formaldehyde. He turns back to page 2, lines 62 and following, and he will read there that preferred reducing agents are, for instance, aldehydes. Consequently, when he reads formaldehyde has to be used according to the first example he must see that this formaldehyde is added as an aldehyde, and consequently as a reducing agent within the meaning of the patent.

“Q. Take that first example on page 4, commencing with line 37: [119] ‘After exposure under a transparent original the paper is developed in a feebly alkaline solution of B-oxynaphthoic acid anilide to which 0.4 per cent. of formaldehyde has been added.’ Then it goes on to say: ‘There is obtained a positive brown-violet image on a white ground which does not become yellow on keeping. Preferably, it is afterwards washed in a solution of formaldehyde of 0.4 per cent. strength.’ In connection with Claim 3 will you please state to the Court whether the process defined in that claim calls for the second addition of formaldehyde?

“A. It certainly does.

“Q. You have previously stated, have you not, that Claim 3 calls for the step of introducing an ingredient into the finished prints?

“A. I certainly did.

“Q. An ingredient capable of arresting discoloration?

(Testimony of Frans Van der Grinten.)

“A. Yes.

“Q. And in the example you introduced 0.4 per cent. of formaldehyde and then you said that preferably it is afterwards washed in a solution of formaldehyde of 0.4 per cent. strength. Does Claim 3 call for that same thing?

“A. It certainly does.

“Q. How do you explain that?

“A. I explain that because formaldehyde is a substance which can very easily be absorbed by the paper, by the fiber and other substances in the paper, so that upon washing, especially upon washing with a solution which again contains formaldehyde, the formaldehyde applied in the developing bath is not taken out, but there is still more formaldehyde added to the print, whilst on the other hand certain substances which cause a discoloration are partly, as I have explained in connection with Exhibit No. 7, on the left-hand part, washed out. So we have the advantage of the old method that we take the substances partly out [120] and at the same time the advantage of adding a reducing agent of the type of an aliphatic compound to the finished print.

“Q. Referring again to Example 1, will you please state how many reducing agents or substances are mentioned in that example.

“A. In this example there is mentioned one reducing agent, formaldehyde.

“Q. You have mentioned an azodyestuff component in that example, have you not?

(Testimony of Frans Van der Grinten.)

“A. Yes.

“Q. Will you please state to the Court what that substance is?

“A. The substance which plays the role of the azodyestuff component in Example 1 is B-oxynaphthoic acid anilide.

“Q. Is that substance a reducing compound?

“A. It certainly is.

“Q. What type of reducing compound is it and in what class does it fall? Does it fall in the class of an amino or does it fall in the class of an aldehyde?

“A. It does not fall under any class of reducing agent mentioned in this patent because it does not prevent discoloration, but will cause it.

“Q. I did not ask you that, Doctor. I asked you whether it was an amino or an aldehyde or a poly-oxy compound.

“A. I have already answered that.

“Q. On page 2 of this patent, line 62, you say: ‘Preferred reducing agents are organic substances such as aldehydes.’ Does the azodyestuff component mentioned in Example 1 fall in the class of a reducing aldehyde?

“A. No, it does not.

“Q. Does it fall in the class of a reducing amino compound?

“A. It may.

“Q. But it is not a reducing amino compound which is capable of [121] arresting the discolora-

(Testimony of Frans Van der Grinten.)

tion of the background of the finished diazo type print?

“A. I may even say——

“Q. Answer that ‘Yes’ or ‘No’, Doctor, and then explain.

“A. Yes.

“Q. It may arrest the discoloration of the background of the finished print?

“A. No, because it is a substance which causes its discoloration.

“Q. That is correct. Now, turn to Claim 4 of the patent in suit: What are the elements of that claim?

“A. This claim calls for the introduction of a reducing amino compound capable of arresting the discoloration of diazo-type prints.

“Q. It is one step, merely the addition of an ingredient to the print, in one of more ways: Is that right?

“A. One step which can be carried out in different ways, as explained in connection with Exhibit 8.

“Q. How many reducing amino compounds are known to chemists?

“A. Many.

“Q. Countless.

“A. Not countless.

“Q. Approximately how many?

“A. I cannot estimate it at all. In chemistry practically any sort of a compound can exist more

(Testimony of Frans Van der Grinten.)

or less in a limitless number. One can never know how many there are.

“Q. And in order to practice the process of Claim 4 you would have to perform exhaustive experiments to determine whether or not you had a reducing amino compound which is capable of arresting the discoloration of components formed on the background of the print?

“A. I do not think you would have to make such exhaustive [122] tests or investigations along that line, especially for the reason that the patent, on page 2, lines 62 and following, says: ‘Preferred reducing agents are organic substances such as aldehydes, amino compounds, aliphatic amido-compounds, polyoxy compounds, or the like.’

“Q. So does claim 4. How are you going to practice the process? What reducing amino compound are you going to use?

“A. You use reducing amino compounds which you most easily can get on the market. For instance, thiourea is one of the amino compounds which is easiest to be obtained on the market.

“Q. But you would not know whether you practice that process or not until you apply it and find out whether or not the finished print did discolor. You would not know until you had actually practiced the process and until you had seen the result?

“A. Oh, yes, you would know.

“Q. How would you know?

“A. You could determine it by applying this substance to the print and if it arrested the dis-

(Testimony of Frans Van der Grinten.)

coloration you could try it out on all possible combinations of diazo compounds and azo coupling components. For instance, if you are trying out thio-urea and you find a combination on which it does not act you thereafter find a combination on which it acts very well.

“Q. The reducing amino compound is defined in terms of the effect or the result which may be produced on a finished diazo print: Is that not correct—in Claim 4?

“A. In Claim 4 it is stated that the reducing amino compound must be capable of arresting under normal conditions the discoloration.

“Q. But it is not defined specifically, is it, other than what its effect on a certain diazo type print is?

“A. You will agree that in the very numerous chemical compounds which we know, reducing compounds and reducing amino [123] compounds, it is of course absolutely impossible to indicate in a patent all the substances.

“Q. With respect to claims 7, 8, 16 and 25, all of which are process claims, will you state whether or not the reducing agents called for in those claims are specifically defined?

“A. They are specifically defined.

“Q. How are they defined?

“A. They are defined in claim 7 as reducing agents, in claim 8 as reducing amino compounds, in claim 16 as reducing agents, and in claim 25 as reducing agents.

(Testimony of Frans Van der Grinten.)

“Q. With a qualifying clause, only reducing agents which are capable of arresting the discoloration of the diazo background?

“A. Yes, this clause is absolutely necessary all the time. You referred in one of your earlier questions to the fact whether B-oxynaphthoic acid anilide was a reducing agent or not; it is of course absolutely understood that these substances in the background which cause a discoloration must be reducing agents, themselves, they must be oxidizable substances, otherwise they could not cause the discoloration. Consequently it is understood that these substances must be excepted from the substances we have just referred to.

“Q. But you don't know whether you are practicing the processes of these claims until you actually inspect the finished diazo print, do you?

“A. That may be, but that does not make any difference because it is impossible to say whether a reducing agent will act on such and such a combination.

“Q. Just answer the question ‘Yes’ or ‘No’, if you please, Doctor. In claims 40 and 41, which are product claims, will you first state what the product is which is defined in those claims?

“A. Claim 40 calls for a light-sensitive diazo-type layer [124] containing a diazo compound bleaching on exposure to light and a bleaching agent capable of arresting under normal conditions the discoloration of the components formed on the background of the finished print.

(Testimony of Frans Van der Grinten.)

“Q. Did you mention claim 41?

“A. Claim 41 calls for the same product as claim 40, with the difference that here the reducing agent is a reducing amino compound.

“Q. A product ordinarily in your mind is a combination of elements, is it not, Doctor?

“A. Not always.

“Q. The elements are clearly defined in any product, are they not?

“A. Sometimes they are and sometimes they are not.

“Q. In the product claims 40 and 41 you have two elements, a base having a diazo compound in it and a reducing agent capable of arresting discoloration. That second element is defined solely in terms of the effect or the result which may be obtained in developing a diazo layer, is it not?

“A. It is not in any way solely defined in that way. In the definition it is said that it must be a reducing agent, which is a common substance that is very well defined.

“Q. How would you manufacture a product described in claim 40?

“A. I would make a diazo type layer containing a diazo compound bleaching upon exposure to light and add to such layer a reducing agent, as described in the claim.

“Q. Do all diazo compounds bleach upon exposure to light?

“A. No.

(Testimony of Frans Van der Grinten.)

“Q. Which diazo compound would you use in making this product?

“A. I would use one which bleached upon exposure to light.

“Q. An actual manufacturer, when you first apply this to a compound or a layer or a base, how would he know whether he was put- [125] ting on there a diazo compound which is going to bleach upon exposure to light?

“A. He would find that out by test.

“Q. By experiment?

“A. By experiment.

“Q. How do you know when you are adding a reducing agent to that layer that you are putting on a reducing agent which is going to arrest the discoloration of the background of any finished print made from that layer?

“A. By experiment, and by referring to the description and the examples in the patent.

“Q. In Plaintiffs' Exhibit No. 7, you have previously testified that the right-hand portion of the chart indicates a process which is old, that is, prior to your invention: Is that correct?

“A. That is correct.

“Q. Does it by any chance refer to the process practiced by the Kalle & Company people in Germany?

“A. I have already stated that this process is the one which is described in British patent 210,862.

“Q. That is Plaintiffs' Exhibit 20, is it not?

“A. It is.

(Testimony of Frans Van der Grinten.)

“Q. Do you recall what the acid is which is used in the light-sensitive coating or light-sensitive layer?

“A. In this patent, as far as I remember, there is suggested to add to this layer for the purpose of preventing the formation of the azo dyestuff out of two components present in the layer an acid, for instance, tartaric acid or citric acid.

“Q. And that is set forth in British patent 210,862, Plaintiffs' Exhibit 20, at page 3, lines 38 and 39, is it not?

“A. It is stated on page 1, lines 80 to 83, as follows: ‘To obtain still greater stability of the light-sensitive layer small additions of acid such as tartaric or citric acid are made.’ [126]

“Q. In your direct testimony yesterday you stated, Doctor, when discussing the right-hand portion of this chart, Plaintiffs' Exhibit 7, that the acid which has been changed into a salt from the acid remaining remains in this white background on the print: Is that your testimony?

“A. The acid added to the light-sensitive layer is by the action of the alkali upon the development changed into a salt of such acid.

“Q. Such as sodium tartrate, if tartaric acid were used?

“A. Yes.

“Q. Or sodium citrate, if citric acid has been used?

(Testimony of Frans Van der Grinten.)

“A. Yes, if it has been used in the sensitive layer.

“Q. That would remain in the finished print?

“A. And this substance will remain in the finished print.

“Q. I refer you now, Doctor, to the second patent in suit, 1,841,653, page 3, under Example 2, lines 45 to 54, and ask you whether or not it is not stated there that sodium citrate is added and an entirely black picture is obtained which is very stable against any tendency to become yellow, which would not be the case without the reducing means, citrate, hyposulphite, and glucose.

“A. That is correct.

“Q. As a matter of fact, in the old process here as shown on Plaintiffs' Exhibit No. 7 sodium citrate remains in the finished print, does it not?

“A. It does.

“Q. And as you stated, sodium citrate is a reducing agent, and it is capable of preventing discoloration in the background of the finished print?

“A. It is stated in the second patent in suit with specific reference to the example in which this is said that an amount of 10 per cent. of sodium citrate is capable of counteracting the discoloration because the sodium citrate is a reducing [127] agent. Furthermore, this example states that 10 per cent. of sodium hyposulphite and 10 per cent. of glucose, both reducing agents, have to be added, and that with this 30 per cent. of substances the discolora-

(Testimony of Frans Van der Grinten.)

tion is prevented. Consequently, in the particular connection in which this is said in this patent it means that a sufficient amount of reducing agent, like citrate, can arrest the discoloration. In the Kalle process, as mentioned by you, there is used an amount of only $\frac{1}{2}$ per cent. of citric or tartaric acid.

“Q. Where you do find that, Doctor?

“A. I quote from Plaintiffs’ Exhibit 20, page 1, lines 80 to 83, where it is said, ‘Small additions of acid such as tartaric acid or citric acid are made.’ And furthermore, I refer to Example 3, which adds to 1000 parts of water 5 parts of tartaric acid; that would be $\frac{1}{2}$ of 1 per cent.

“Q. When was this patent published, Doctor?

“A. That I cannot say right now. I know when it was completed.

“Q. When was it completed?

“A. It was completely exhibited on February 7, 1924.

“Q. It was completely exhibited on that date?

“A. It was completely exhibited on February 7, 1924.

“Q. Which was more than two years prior to your application which was originally filed in The Netherlands: Is that not correct?

“A. That is correct.

“Q. Is it your testimony that it requires an appreciable amount of reducing agent in the finished print to produce an arrest of discoloration of the

(Testimony of Frans Van der Grinten.)

components forming the background of that print?

“A. Yes, of course.

“Q. You do not find that in your specification of either patent in suit, do you, Doctor?

“A. We certainly do, because in our examples we give certain amounts which indicate the amounts which they have used to [128] obtain the results.

“Q. In Example 1 on page 4 of the first patent you specify 0.4 of 1 per cent. of formaldehyde; is that an appreciable amount of reducing agent?

“A. In connection with the process described in this example it is indeed an appreciable amount, because the print, here, is bathed and left in contact with the solution for a long time, so that the formaldehyde has plenty opportunity to enter into the paper the discoloration of which has to be prevented. It says there that after exposure under a transparent original the paper is developed in a feeble alkaline solution.

“Q. It says nothing about a bath, does it?

“A. How could you develop a print in a weak alkaline solution without bathing it in such a solution?

“Q. Can you not develop it with ammonia fumes, a weak alkaline solution?

“A. Then I don't develop it with a weak alkaline solution, do I?

“Q. But it says nothing about a bath.

“A. It is not necessary that a man is submerged in a bath when you say he falls into the water, is it? Do you have to say that?

(Testimony of Frans Van der Grinten.)

“Q. At all events, Doctor, you have in the finished print of the old process as described or indicated on the right-hand side of Plaintiffs’ Exhibit 7, you have in that print sodium citrate or sodium tartrate?

“A. We have a very small amount of sodium citrate or sodium tartrate in that print.

“Q. And that is a reducing agent which is capable of arresting the discoloration of the components forming the background of a diazo print?

“A. Yes, it is, and not in amounts as indicated in the Kalle [129] patent which you have mentioned, which is prior to the first patent in suit. I have tested this myself several times and I never could find out this amount of citrates or tartrates did in any way arresting discoloration to an appreciable extent.

“Q. Can you produce the result of those tests? Have you any finished prints of that character here in court?

“A. I don’t know whether I have them. I don’t think I have them in court; maybe I have them in my baggage.

Mr. HOFFMAN: If your Honor please, I would like to make a statement at this time before we resume the cross-examination. Before we put on our next witness we propose to enter into a stipulation whereby the defendant agrees or, rather, it concedes that its sensitized paper contains a diazo

(Testimony of Frans Van der Grinten.)

compound bleaching on exposure to light, and that its developer contains an azo-coupling component and a non-volatile alkaline substance. When this stipulation is entered into it will simmer down the issues as regards the infringement of the first patent in suit to whether defendant's paper contains a reducing agent of the type which acts to arrest the discoloration of the background of the finished print, and also whether its developer contains a reducing agent which acts to prevent the discoloration of the white background of the finished print. When we will put our next witness on the stand——

The COURT: Let me interrupt you to ask here, because I am still rather in the dark in this case, is that the question that is involved in the case?

Mr. HOFFMAN: Whether there is a reducing agent in the finished print, in the background of the finished print, which acts to arrest this discoloration.

The COURT: That is the point. Has the defendant a patent on its device or its process?

Mr. HOFFMAN: No, your Honor. [130]

The COURT: There is still the question whether there is infringement. Your process arrests the discoloration, does it?

Mr. WHITE: We do not admit that, your Honor.

Mr. HOFFMAN: If your Honor will permit me I will continue with my statement and I think you will get a little clearer view of the situation.

The COURT: Very well.

(Testimony of Frans Van der Grinten.)

Mr. HOFFMAN: When we put our next witness on the stand, what we propose to show by his testimony is that we have analyzed the defendant's paper and have found thiourea in it; we have analyzed defendant's developer and have found thiosulfate in it. The issue will be in this case, the specific issue in the case will be whether thiourea is a reducing agent and whether that thiourea when present in the background of the finished print, that is, in the white background, arrests that discoloration. The other issue will be whether thiosulfate, when present in the background of the finished print is a reducing agent, and whether when present in the background of the finished print it acts to arrest discoloration. Those will be the issues as regards the infringement of the first patent in suit.

Now, as to the second patent in suit, I would also like to make a statement at this time. The only issue regarding infringement as to the second patent will be the mode of applying the developing solution to the exposed surface of the print. You understand what we mean by the exposed print. You take the sensitized paper that has a sort of a yellow coating on it and then expose it under a tracing, for instance, this part here, and here we start here with the light-sensitive coating and then put this tracing on top of it. This represents the back image. This space represents the white or the transparent portion. When you place the tracing on top of this the light passes through here

(Testimony of Frans Van der Grinten.)

and passes through the transparent portion and attacks the cor- [131] responding portion of the sensitive layer underneath. Because of the black lines in the tracing the light cannot pass through there, and so that portion is not attacked by the light.

The COURT: It is preserved?

Mr. HOFFMAN: It is preserved. I showed you a print the other day, and the exposed print was that part which showed the white background with a faint yellow image. That is what we are talking about when we refer to the exposed print. The issue on the second patent as regards the infringement is as to the mode of application of this developer solution to this exposed surface in order to make that black color.

The COURT: To turn the yellow to black?

Mr. HOFFMAN: Yes, that is right, your Honor. That will be the issue.

The COURT: You turn it to black and then after that there is the process that arrests discoloration?

Mr. HOFFMAN: Yes. After the print is made and you leave it on your desk, or you put it in a filing cabinet, or in your desk drawer—these prints are kept wherever you want them to use for reference purposes. During that period of time they show a discoloration in the white background. When they are freshly made, that is, after you have just applied the developer, they are perfectly white and they stay white. If they do not have the reducing agent in there, the invention of the first patent, they show the discoloration in probably two weeks or a month.

(Testimony of Frans Van der Grinten.)

In many instances it is a very marked discoloration. I think that with that statement your Honor will have a clear idea in your mind as to what the issues will be in this case as regards infringement.

The COURT: Your statement is helpful. Your opening statement was very helpful. Without it I would have been unable to understand the expert.

Mr. WHITE: I am in full accord with the statement made by [132] plaintiffs' counsel, only that I want to add that I am not waiving any of our rights in this case, or anything of that character.

The COURT: Of course not.

"Q. At the close of the morning session, Doctor, we were discussing the inclusion of sodium citrate in the finished product which resulted from practicing the process as defined in the Kalle British patent. Do you recall that testimony? You testified, did you not, that in your opinion the discoloration of the background would not be arrested in that case because of the insufficient or minute quantities of sodium citrate which would remain in the finished print.

"A. That is what I testified.

"Q. You have previously testified that thiourea in minute quantities was not only an anti-oxygen of Moureu but was also a reducing agent?

"A. I have, as far as I have been stating anything on that line, not spoken about any quantities; I have just told you that thiourea is a reducing agent and at the same time that thiourea can act as an anti-oxygen in the sense of Moureu.

(Testimony of Frans Van der Grinten.)

“Q. I am trying to get a distinction, Doctor, between an anti-oxygen of Moureu and a reducing agent.

“A. You may not get a distinction between those two for the simple reason that all anti-oxygens of Moureu are reducing agents.

“Q. Everyone of them?

“A. And all must be reducing agents under Moureu's own theory. If I had had an opportunity to give you the authoritative meaning of Moureu, himself, who invented these anti-oxygens I could have done it very quickly and I think it would have been extremely useful to have his own idea about this. He attributes the anti-oxygen properties of anti-oxygens to their reducing properties.

“Q. But only when used in minute quantities?

“A. It has nothing to do with the quantity. Never in chemistry [133] catalytic action has anything to do with the quantity used.

“Q. If thiourea were to be added at any stage of your process, whether in the layer, the developer, or in the finished print in very minute quantities, say the quantity of $\frac{1}{2}$ of 1 per cent., such as the sodium citrate would be in the finished print, would thiourea act to arrest the discoloration in the finished print?

“A. In these quantities thiourea would act just appreciably. It would act better when larger quantities were used.

“Q. The same holds true in the case of sodium citrate?

(Testimony of Frans Van der Grinten.)

“A. In the case of sodium citrate, the difference is much larger. The quantity used in the British Kalle patent mentioned by you does not show an arresting of the discoloration, which can be seen by anybody, and the patent, itself, does not say anything about it. A quantity of 10 to 20 times as much would cause a noticeable amelioration of the discoloration.

“Q. Would 10 to 20 or 30 times as much thiourea in the finished print arrest the discoloration to a more appreciable extent than the smaller quantity?

“A. It is likely that it would, although in practice this would be, of course, superfluous; in practice you can use only a limited quantity, because you cannot bring so many chemicals into a paper.

“Q. Before we leave this point of thiourea, I wish again to call your attention to Defendant's Exhibit A, the File Wrapper and contents of the German patent with this decision in regard to the issuance of that German patent to Kalle & Company, together with the translation thereof, and ask you whether or not at the time that proceeding was pending in the German Patent Office your United States application was not pending before the United States Patent Office?

“A. I do not remember. If you could give me the dates I could eventually tell you. [134]

“Q. I think that speaks for itself, Doctor, but we will just check it. Here is the translation of the German patent, and here is the first patent in suit.

(Testimony of Frans Van der Grinten.)

“A. The first patent in suit, the application date is June 6, 1927. The opposition proceeding was filed January 7, 1929. The patent was granted in 1931. It must have been at the same time, then.

“Q. They were both pending at the same time?

“A. Yes.

“Q. That is, the proceeding in the German Patent Office was pending at the time your application was pending in the United States Patent Office; that is shown by the dates, is it not?

“A. Yes.

“Q. Did you keep in touch with the prosecution of that application before the United States Patent Office? Were you in touch with your attorney during the prosecution of that application?

“A. Yes, we were.

“Q. Why is it, then, Doctor, that you were asserting in the German Patent Office that thiourea was a reducing aliphatic amino compound and also an anti-oxygen of Moureu, and at the same time you made no attempt to insert any of that data in your United States application?

“A. May I refer you to Mr. Hoffman, who was then my attorney——

M. HOFFMAN: I object to that, your Honor. That would go to new matter. We cannot insert new matter in an application. We must take the application as it is filed in the Patent Office, but we cannot add anything to it which is going to change the scope of it.

(Testimony of Frans Van der Grinten.)

The COURT: Objection overruled; exception.

“Q. I hand you Plaintiffs’ Exhibit 3, being the certified [135] copy of the File Wrapper and Contents of the first patent, 1,821,281, and refer you to page 2 thereof, and ask you to read to the Court again the paragraph commencing “Preferred”?

“A. ‘Preferred reducing agents are organic substances such as aldehydes, amino compounds, aliphatic amido-compounds, polyoxy compounds, or the like, and the reducing agents are preferably used together with very small quantities,’ etc.

“Q. In other words, that paragraph was inserted in the United States application at the initial stages of the application, that is, when it was filed, was it not?

“A. I don’t think so. I think it was in the original Dutch application.

“Q. Was thiourea specifically mentioned in the Dutch application?

“A. No.

“Q. And you were asserting in the German Patent Office in 1930 while the application for the United States patent was pending, that thiourea was a reducing aliphatic amino compound, were you not?

“A. Absolutely.

“Q. And you had a basis for inserting thiourea in the United States application when you said you preferred that the reducing agents were amino compounds; why did you not attempt to insert thiourea

(Testimony of Frans Van der Grinten.)

either in the specification or in the claims of the United States patent.

“A. You misunderstand me. I have not said we inserted it in the United States application. We just had the whole thing in the original Holland application. In the original Holland application we had exactly the same writing, preferred reducing agents are aldehydes, amino compounds, etc., etc. So we did not insert these here.

“Q. You gave certain examples in your United States application, specifically, on page 4, examples 1 to 5, examples of certain [136] substances which fall within these well-defined classes, reducing aldehydes, reducing amino compounds, did you not?

“A. We certainly did.

“Q. You did not give any example in which thiourea was used as one of the substances, did you?

“A. No, we did not.

“Q. At the same time you were asserting in the German Patent Office that thiourea was a reducing amino compound?

“A. I cannot see that there is any contradistinction in the attitude between the one and the other.

“Q. Before we leave this first patent, Doctor, I wish again to call your attention to the first claim of that patent, on page 5, and ask you again whether or not you are sure you have practiced the process before you examine the finished prints.

“A. You are not sure. May I change that and say you are not always sure.

(Testimony of Frans Van der Grinten.)

“Q. You do not know what specific reducing agent to use, do you?

“A. I do not know when I only read the claim, but I do know when I read the whole patent.

“Q. Assuming for the moment you did not have any formaldehyde as specified in Example 1, urotropin as in example 3, or any of the substances which are specified in the examples, assuming you had none of those substances available to you in your laboratory, what specific substance as a reducing agent would you use?

“A. I am not prepared to assume that.

“Q. And, furthermore, what quantity of that reducing agent would you use?

“A. I would use quantities equivalent to the quantities which are indicated in the examples in the description of the patent.

“Q. Is there any characteristic of reducing agents in general, common to all of them, that would lead you to believe that the [137] same quantity of formaldehyde, for example, could be used as the same quantity of thiourea?

“A. No, of course not.

“Q. You would have to experiment in order to find the specific quantity which you would need in order to get a finished print which did not discolor: Is that not correct?

“A. No, because you could take one of the examples and act after one of the examples; you would not have to experiment for one second, you

(Testimony of Frans Van der Grinten.)

would do as the example requested. If you wanted to use something then and used other reducing agents than those mentioned in the patent—and you must not forget that it is impossible to mention all of the reducing agents that could be used for this purpose, because if you did that you would have a book instead of a patent—then you would get a normal result. If you want to take others you would have to experiment. That is the case with any chemical patent in the world.

“Q. You previously testified that the claims in the United States patent are expressed in the only possible way that they could be expressed; do you recall that testimony?

“A. I think I have not given that testimony. Perhaps in the only practical possible way, I said. A man never can say, ‘This is the only way.’

“Q. The United States patent is based on the three Holland applications, one of which is a patent issued on an application filed February 10, 1927, that application being now in evidence as Plaintiffs’ Exhibit No. 14. I would like to have you refer to the claim in that patent and read it to the Court.

“A. ‘A process for making diazo types which do not or only slightly turn yellow, being characterized in that to the light-sensitive layers usually utilized therefor, or to the alkaline developing baths reducing agents, preferably organic compounds [138] such as aldehydes, amido-compounds, polyoxy compounds, carboxylic acid salts, or the catalytic acting anti-oxygens of Moureu known from the bibliography, are added.’

(Testimony of Frans Van der Grinten.)

“Q. You do not find in that claim the clause, ‘capable of arresting the discoloration of the components formed on the background of the diazo type prints,’ do you?

“A. No, you do not.

“Q. In other words, you can express your invention other than as specified in the United States applications?

“A. In this connection I must make this remark, that there are not two countries in the world in which the patent practice is the same. When I can express a claim in certain wording in Holland I cannot do it in the same wording in Germany, and I have to use other wording in England. So it is not only a difference in the language, but it is a difference in the practice of the patent offices.

“Q. Referring again to the claim in the Dutch patent, the claim which you have just read, as a matter of fact all reducing aldehydes, amino compounds, polyoxy compounds will not arrest discoloration of the background of the finished print, will they?

“A. I do not know that, and you don’t know it, and nobody can know it except when he has tested these on all possible combinations of diazo compounds and azodyestuff compounds.

“Q. I notice that all of the Holland patents were issued in the name of Frans Van der Grinten: Is that yourself?

“A. Frans Van der Grinten is my father.

(Testimony of Frans Van der Grinten.)

“Q. He is not the inventor of these processes?

“A. My father was the owner of the firm in which the inventors were engaged.

“Q. So the true inventors of the process are expressed or stated in the United States applications as required by the United States Patent Laws?

[139]

“A. Yes.

“Q. And your father had a consent to file these applications in Holland?

“A. Yes, he had.

“Q. Is that how it happens they are issued in the name of Frans Van der Grinten?

“A. That is right.

“Q. Now we will turn to the second patent in suit, 1,841,653; first of all, may I ask you whether apparatus as such is involved in this suit?

“A. Not directly.

“Q. The claims refer solely to the proposition of developing direct diazo prints: Is that correct?

“A. That is correct.

“Q. Now, with specific reference to claim 1, will you please state the elements of that process as defined in that claim?

“A. Claim 1 calls for two features; the first feature giving a certain composition of the developing fluid, in this case being an alkali liquid containing azodyestuff component and a reducing agent. The second feature is that this liquid is impressed

(Testimony of Frans Van der Grinten.)

on the surface to be developed in the form of a uniformly thin film.

“Q. What is a uniformly thin film?

“A. A uniformly thin film is a uniformly thin film.

“Q. Purely a relative term, is that correct?

“A. It is a clear term.

“Q. When is a film thin and when is a film thick? In other words, how thick is thin?

“A. You might as well ask me when is a building high and when is it low.

“Q. In other words, you cannot give a definite answer to that?

“A. No, of course not. [140]

“Q. One of the ingredients in the developing liquid specified in claim 1 is a reducing agent non-decomposable by alkali. How many reducing agents non-decomposable by alkali are known to chemists?

“A. I do not know.

“Q. Are they numerous?

“A. I do not know.

“Q. Is tartaric acid a reducing agent non-decomposable by alkali?

“A. Tartaric acid is a reducing agent which reacts with alkali and is changed into a tartaric salt; consequently one could not say that tartaric acid is indifferent toward alkali. It would on the other hand not be all right to say that tartaric acid is decomposable by alkali.

(Testimony of Frans Van der Grinten.)

“Q. In other words, it is not decomposed by alkali?

“A. It is not decomposed, but it is still changed.

“Q. Is the azodyestuff component a reducing agent non-decomposable by alkali?

“A. An azodyestuff component, as far as it is a reducing agent, is a reducing agent that is not concerned in this patent.

“Q. There are certain azodyestuff components which are reducing agents, are there not?

“A. Most of them are. That is the reason why they discolor.

“Q. There are also certain azodyestuff components which not only are reducing agents, but are also reducing agents or compounds non-decomposable by alkali, are there not?

“A. Most azodyestuff components as used in this process are so-called phenols—aromatic derivatives containing hydroxyl—OH—and they can interact with alkalis in the same way that acids can.

“Q. With reference to claim 3 of the second patent, we need not repeat the elements, but I will ask you whether or not the developing liquid contains in that case a reducing agent non-decomposable by alkali? I think it is quite positive it is not in there. [141]

“A. No, it does not.

“Q. Nor does claim 4 contain such a substance?

“A. Nor does claim 4.

“Q. Nor does claim 11?

(Testimony of Frans Van der Grinten.)

“A. Nor does claim 11.

“Q. Nor does claim 13?

“A. No.

“Q. Nor claim 16?

“A. No.

“Q. In other words, claims 3, 4, 11, 13 and 16 do not recite a reducing agent non-decomposable by alkali?

“A. That is correct.

“Q. One other question about tartaric acid: Is the tartaric acid complex changed by the alkali when you develop a tartaric acid layer with an alkali?

“A. May I ask you what you mean by a tartaric acid complex? I don't know what that is.

“Q. Then we will disregard the question. Inasmuch as claim 1, as you have stated, is merely a developing process, does it make any difference, in your opinion Doctor, what the developing liquid contains in so far as this patent is concerned?

“A. It does make a difference. The composition of the developer is of importance in connection with the mode of employing the developing liquid, itself.

“Q. The composition of the liquid is important in connection with the application thereof to a layer?

“A. In connection with the mode of application.

“Q. In claim 1 you include a reducing agent in your developing liquid, and in claim 3 you do not. Will you please explain your previous answer then

(Testimony of Frans Van der Grinten.)

in connection with that distinction between the developing liquids in claim 1 and in claim 3; in other words, explain why there is any difference in applying the developing [142] liquid of claim 1 to a sensitive layer and the developing liquid of claim 3.

“A. The difference is that when the process of claim 1 is carried out so as to add a reducing agent to the finished print by means of the developer, and that is not the case when the developer according to claim 3 is applied to the paper.

“Q. You stated that the actual development of the print is materially affected or in some way affected by the nature of the composition which you are putting on.

“A. It certainly is.

“Q. How do you explain that?

“A. I cannot explain it. I could give you an example of that.

“Q. Is that a substantive differentiation, or is it merely just a difference without a distinction; in other words, you have a composition in claim 1 which includes a reducing agent and you apply that to a base; in claim 3 you have a composition which does not include a reducing agent and you apply that to a base; what is the difference between the two actual processes of the developer?

“A. I have already explained that to you. What you were asking me about was the connection which exists between the mode of application and the composition of the liquid. I can explain that to you if

(Testimony of Frans Van der Grinten.)

you want me to.

“Q. How do you explain it?

“A. For instance, if I take a device which brings a large amount of liquid to the surface, for instance, a thin film which is twice as thick or half as thin as another device would do, then, of course, I apply twice as much solution or liquid to the surface and then my composition must, of course, be made so that I apply to the surface a quantity which is within the borders of giving a chemical inter-action and without too great an excess of other substances used. [143]

“Q. In your direct testimony you stated that this apparatus, a cross section of which is shown in this figure in the patent, is one method of carrying out the process, did you not?

“A. This is only one mode.

“Q. This particular apparatus can practice the process of claim 1.

“A. It certainly can.

“Q. And it can also practice the process of claim 3?

“A. It certainly can.

“Q. What difference does it make then whether you have a reducing agent in your composition or you leave it out, in so far as practicing a developing process is concerned?

“A. The difference is that in one the reducing agent is there and in the other it is not in it.

(Testimony of Frans Van der Grinten.)

“Q. That is the only difference; in other words, this claim 3 is really only distinguishable from claim 1 in the sense that you have left out a certain ingredient in the developing liquid?

“A. Yes.

“Q. And as far as developing is concerned, you can develop and obtain a thin film with this apparatus whether or not you have a reducing agent in the developer? Is not that correct?

“A. Yes. On the other hand, I would like to remark, however, that I am a chemist and not a United States patent attorney.

“Q. Are you familiar with the German patent to Groneau, German patent No. 427,570, issued in the year 1925?

“A. Yes, I am quite familiar with that patent.

“Q. I now hand you a printed copy of that patent and a typed translation thereof, and ask you whether or not the apparatus disclosed in that patent will practice the process of claim 1?

“A. It would not, by no means.

“Q. Why not?

“A. Because for carrying out the process of claim 1 it is [144] necessary to impress the liquid into a surface; the liquid—

Mr. HOFFMAN: Your Honor, I object to this examination. I did not touch on the prior art in the direct examination. This patent was not even touched on.

(Testimony of Frans Van der Grinten.)

Mr. WHITE: One is usually allowed some latitude on cross-examination.

The COURT: Yes, we allow considerable latitude on cross-examination.

Mr. WHITE: I can take it up with my own expert, however.

The COURT: Very well. Perhaps you had better do so.

“Q. Will you refer to claim 4 of the second patent in suit and will you state the difference between the process defined in claim 3 and the process defined in claim 4, particularly with reference to the recitation of saturating throughout its entire area the exposed surface of the prints. What is meant by that term? Physically, what do you do when you saturate a print throughout its entire area?

“A. When you saturate a print throughout its entire area—I do not saturate a print, when I saturate the surface of a print then I bring to that surface of the print an amount of liquid which fills up, so to say, the whole surface. The surface of a print is not the same thing as the surface of a glass plate. It is a thing which can be saturated. It is more or less, superficially at least, like a sponge which you could saturate.

“Q. Does the developer, when you saturate the entire surface, penetrate through the print?

“A. Not through the print, but into the surface of the print.

(Testimony of Frans Van der Grinten.)

“Q. How thick is the surface of this print?

“A. I do not know.

“Q. Are not the terms, ‘Saturating the entire surface’ inconsistent with the term ‘spreading a uniform thin film on the surface’? [145]

“A. Spreading a uniformly thin film on the surface is in this claim a feature to show how the saturating is done.

“Q. You say you saturate the exposed surface of the print with a developing liquid by spreading said liquid on said surface in the form of a uniformly thin film.

“A. Yes.

“Q. And you say there is no distinction or rather inconsistency, between saturation and thin film.

“A. No.

“Q. Does the apparatus which you show in the drawing of the patent saturate the entire surface of a direct print, or a layer?

“A. This apparatus can as well impress a certain quantity as well as to saturate the surface.

“Q. The only difference between claim 6 and claim 4 of the second patent resides in the fact that the developing liquid is altered by the inclusion of the reducing agent: Is that not correct?

“A. That is correct.

“Q. Take the first claims, namely, 1, 3, 4, and 6, and tell me whether or not in the sepia process prints were not developed in the same way?

(Testimony of Frans Van der Grinten.)

“A. No, they were not, at least I have never heard of such a development for sepia prints before.

“Q. How do you develop sepia prints in your own plant in Holland?

“A. When we make sepia prints we wash the prints out with water after they have been exposed.

“Q. Do you wash the entire print, or the surface of the print?

“A. We mostly wash the entire print, although we could wash off the surface by spraying water over it. It is mostly done by submerging in a water bath. After that we take the print mostly [146] into a bath which contains sodium thiosulfate, in order to take out of the print the rest of the silver salts which are not soluble in water, and which might remain in the paper, in order to fix it in exactly the same way as the fixation operation is done in the normal negative photography.

“Q. Is sodium thiosulfate a reducing agent non-decomposable by alkali?

“A. Sodium thiosulfate is a reducing agent that is non-decomposable by alkali.

“Q. And you say you can, in the sepia process, coat the surface of the print with a thin film?

“A. You could do it, but it would not be of any use to that process, because the sodium thiosulfate in that process is used to dissolve certain substances out of these prints, and it is no use to add thiosulfate only to those prints.

“Q. How do you develop other direct prints?

(Testimony of Frans Van der Grinten.)

“A. I don’t know what you mean by “direct prints.”

“Q. Take a print that you first obtain a negative with, how do you develop that?

“A. It depends entirely upon the photographic process you use.

“Q. You stated previously that you had developed a print having a layer containing an azodyestuff component and an acid; how did you develop that print? I am talking about the process as indicated on the right-hand side of Plaintiffs’ Exhibit 7.

“A. As I have already explained, the development of such a print takes place merely by the addition of an alkali, which may be a volatile alkali.

“Q. Turning to claim 8 of the second patent, the only difference between that and claim 6 resides in the fact that the developing liquid contains three substances, a non-volatile alkali substance, an azodyestuff component, and a reducing agent [147] non-decomposable by alkali, whereas in claim 6 the azodyestuff component is not included; is that correct?

“A. That is correct.

“Q. Your testimony is that because of the inclusion of the azodyestuff component in the developing liquid the process of development is different: Is that your testimony?

“A. It is indeed a different process. With the two-component layer, as indicated on the right-hand

(Testimony of Frans Van der Grinten.)

part of Exhibit No. 7, you only have to add an alkali, which in this case I can do by adding it by vapours or with an alkali alone, and in the process in which I only have the diazo compound in the layer I have to add an azodyestuff component by means of my developer.

“Q. The essential difference in the two processes of development lies only in the inclusion of a certain ingredient in your solution: Is not that correct?

“A. I don't think you are right in saying that, because the interaction between the diazo compound and the azodyestuff component can take place in quite a different way whether you added already to the sensitive layer and consequently mixed it already with diazo compound or whether you only added later on at the same time that you added the alkali. Any chemist who knows anything about the formation of azodyestuffs will know that the formation of an azodyestuff has very much to do with the conditions of the mixture. It consequently is a specific feature of a claim in a patent when it says that he adds the azodyestuff component to the developer instead of to the sensitive layer.

“Q. I can understand that Doctor, but why does it make any difference whether the developer contains one ingredient, or contains two ingredients, or contains three or more ingredients in order to apply a thin film of that developer upon a sensitive layer?

[148]

“A. I think I had better make the same remark that I have already made, that I am a chemist and not a United States patent attorney.

(Testimony of Frans Van der Grinten.)

“Q. If the alkali in this process here indicated on the right-hand side of Plaintiffs’ Exhibit No. 7 is a volatile alkali, how would you apply it?

“A. A volatile alkali can be applied in practically only one way, and that is in contacting the exposed print with the fumes of such alkali. This can be done in a slow way, for instance, by simply introducing such a print in a room where ammonia vapors are present; a much quicker way is, for instance, the way in which Groneau, the patentee you have been speaking about, does it when he brings his surface to be developed quite near to the surface from which his ammonia vapors emerge. In most cases the ammonia vapors act as such, as fumes, as a gas, upon the surface to be developed, like for instance, oxygen acting on copper plate, as I have described it in connection with my illustration of an oxidation action.

“Q. Referring to claim 11, Doctor, that is quite similar, is it not, to claim 8 in suit, with the exception that the azodyestuff component is contained in the sensitive layer in the first instance: Is that not correct?

“A. Claim 11 differs from the other claims more essentially because a special light-sensitive layer is used in this process, namely, one which contains a diazo compound of the type of a rapidly-coupling one which is a specific form of carrying out this process, and which has certain advantages.

“Q. And where the azodyestuff component is not in the layer?

(Testimony of Frans Van der Grinten.)

“A. Then, of course, it is not advantageous to have the azodyestuff component in the sensitive layer, but it is better to have it then in the developer.

“Q. Suppose you put all of your ingredients in your layer with [149] the exception of your alkali, your azodyestuff component in your layer, your reducing agent in the layer, and you have developed with an alkali, what is the essential difference whether you develop merely with the alkali or, as I said before, with four ingredients in the developer? What I am trying to get at, Doctor, is what is the essential difference in so far as the developing process, in itself, is concerned?

“A. As I have already told you, the formation of an azodyestuff is simply in principle, as I have explained it, namely, the interaction between a diazo compound and an azo coupling component which couple or go together and form one compound when conditions are favorable, that is to say, when the medium is alkaline. Of course, I had no reason for entering into these details before, but the interaction between the diazo compound and the azo coupling component can yield sometimes three or four different colors, which all can depend upon the fact whether they before had been mixed already in amounts which had certain relation to each other, and then are made alkaline or, first, whether the diazo compound is made alkaline and an acid solution of the azo coupling component added to that, or vice versa. In all these cases you can very often

(Testimony of Frans Van der Grinten.)

get quite different results. Therefore, it is very well to distinguish these two processes as being two different forms of carrying out this process.

“Q. Will you now turn to claim 13 of the second patent and tell me the distinction between the process defined in that claim over that defined in say, claim 6, for example? I might help you out there, Doctor. In the first place, there is no reducing agent non-decomposable by alkali mentioned in claim 13, is there?

“A. In claim 6 the saturating of the entire area of the exposed surface is done by spreading the liquid on the surface; [150] in claim 13 the saturating is done by first wetting the exposed surface with an excess of the liquid, and immediately thereafter removing this excess so as to depose a uniformly thin film of the liquid to the surface.

“Q. And claim 15 is similar to claim 13, except that the developing liquid contains a reducing agent non-decomposable by alkali: Is that correct?

“A. That is correct.

“Q. And claim 16 is similar to claim 15, excepting that the developing liquid contains an azodyestuff component instead of the reducing agent non-decomposable by alkali: Is that correct?

“A. That is correct.

“Q. While in claim 18, the difference between that and claim 16 is that the developing liquid contains all three ingredients, the non-volatile alkali substance, the azodyestuff component, and a reducing

(Testimony of Frans Van der Grinten.)

agent non-decomposable by alkali: Is that correct?

“A. That is correct.

“Q. As a matter of fact, Doctor, in developing prints of the prior art type, were not those prints developed by spreading a thin film of the developer on the exposed surface of the layer?

“A. No, they were not.

“Q. I am speaking now of a volatile alkali and not a non-volatile.

“A. Oh, I beg your pardon.

“Q. I am speaking of non-volatile alkalis, now.

“A. No, they were not. As far as I know they were bathed in a bath of developing liquid and consequently treated with an excess which was only partly removed.

“Q. As a matter of fact, could not a thin film be applied to a diazo sensitive layer by merely brushing the developing liquid on that layer?

“A. Then it would not be a uniformly thin film. [151]

“Q. But you do not know what a uniformly thin film is, do you?

“A. I know very well what a uniformly thin film is and I think everybody who reads this patent will know what is meant by a uniformly thin film. The thickness of the film, is of course, a relative thing. When the patent speaks of a thin film it must be thin in this sense, that the conditions which the patentee requires are fulfilled.

(Testimony of Frans Van der Grinten.)

“Q. Doctor, have you read the file wrapper of United States letters patent 1,821,281, the first patent in suit, have you gone over this file wrapper?

“A. Yes, long, long ago.

Mr. HOFFMAN: I object to that, your Honor. I did not touch on the file wrappers of the patent on my direct examination.

Mr. WHITE: The purpose of this testimony, your Honor, is merely to show that the Patent Office has not cited a single reference against any of the claims in the first patent. I think, inasmuch as the patent in suit has been thoroughly gone over on direct examination I should be allowed to go over it on cross-examination.

Mr. HOFFMAN: We will concede that, if that is all you expect to prove.

Mr. WHITE: That is all I want to get at for the present. There are no references cited at all.

The COURT: The file wrapper, itself, shows that, does it not, according to your statement?

Mr. HOFFMAN: And we concede that. There is no necessity of taking up time on that.

Redirect Examination

“Q. Now, Doctor Van der Grinten, you testified on cross-examination that you were familiar with sepia or brown prints. Will you please describe how sepia prints are made? [152]

“A. The light-sensitive layer used for making sepia prints consists of a silver compound and a

(Testimony of Frans Van der Grinten.)

ferric salt. Upon exposure to light such a sensitive layer deposits metallic silver in the form of a brown substance on the fiber of the paper. The exposed part of the print turns brown. The formation of the silver is due to the fact that the light is capable of reducing the ferric salt to ferrous salt, which ferrous salt in its turn again is capable of reducing the silver compound to metallic silver. Like in the blue-printing process, after the exposure the print has to be fixed, which in this case is done by taking out of those parts of the sensitive layer which have not been exposed to the light the substances which are in these parts. This is done by a washing operation with water. In consequence of the fact that certain silver compounds present in this sensitive layer are not soluble in water, the fixing operation, that is to say, the operation of taking the light-sensitive substances out of the non-exposed parts, is completed by a treatment with sodium thiosulfate, which substance is capable of forming with the silver salts, insoluble in water, new compounds which are soluble in water. So that by the treatment with the sodium thiosulfate all the silver compounds are removed from the print.

“Q. Are these sepia prints similar or different from positive diazo type prints?

“A. They are entirely different. In the sepia process silver and ferric salts are involved; in the positive diazo type process diazo compounds and azo coupling compounds are involved. Silver salts and

(Testimony of Frans Van der Grinten.)

ferric salts are chemically entirely different substances from diazo compounds and azo coupling components. The chemical reaction upon which the sepia process is based is entirely different from the chemical process involved in the diazo type process. There never can be drawn a parallel between these two processes. Besides, the sodium thiosulfate has [153] in the sepia process the function of dissolving the silver compounds, and when applied as a reducing agent to the finished diazo type print it acts as a reducing agent, counteracts an oxidation reaction, that is to say, the discoloration.

“Q. In the making of sepia prints is the sodium thiosulfate used for preventing discoloration of the background?

“A. In the sepia process the sodium thiosulfate is exclusively used for removing the insoluble silver salt from the paper, after which there is no more question of a discoloration, because no more chemical substances remain in the paper.

“Q. Are sepia prints and diazo type prints similar in background and images?

“A. They are, so to say, the opposite of each other. A positive diazo type print is a positive print, that is to say, the dark parts in the print correspond with the dark parts in the original, whilst the sepia process yields a negative, that is to say, the dark parts in the print correspond to the light parts in the original.

(Testimony of Frans Van der Grinten.)

“Q. In other words, as I understand you, the sepia print is just the reverse of this formula here, or this chart, Exhibit 12, in which these black letters, here, are on a white background. What is the difference between a sepia print, as compared to a print like this?

“A. The print which is numbered Exhibit No. 12 is a positive diazo type print and has been made from an original which had black letters on a transparent background. If from the same original a sepia print had been made the background would be brown and the letters would be white.

“Q. You testified on cross-examination that thiourea when brought together with an ammoniacal silver nitrate solution, that the thiourea cannot exercise its reducing action because of complications; what are those complications? [154]

“A. The complications consist of the formation of silver sulfide. On Exhibit No. 12 the formula of thiourea is shown. As I have already explained, thioureas contain one atom of sulfur; this atom of sulfur seems to be capable of reacting with the silver and thus form a silver sulfide. The silver sulfide is perfectly insoluble in water. Consequently, the silver of the ammoniacal silver solution forming with sulfur the sulfide can eliminate this from the solution so that no more silver is present in the solution. As soon as there is no more silver present in the solution it is impossible to reduce this silver compound and make silver out of it. This is the na-

(Testimony of Frans Van der Grinten.)

ture of the complication I have referred to when saying that thiourea, when it acted upon ammoniacal silver could not demonstrate its reducing properties.

“Q. You testified on cross-examination that when either glucose or aldehyde are brought together with an ammoniacal silver nitrate solution glucose and aldehyde do act as reducing agents; why is this?

“A. They do act as reducing agents upon the ammoniacal silver solution for the reason that they are reducing agents, and because in this case no complications are involved. This is due to the fact that neither aldehyde nor glucose contain sulfur, which could cause the complication as described in connection with thiourea.

“Q. Now, will you please refer to Example 1 in the first patent in suit and state which of the chemicals in this example is a reducing agent of the type which acts to arrest the discoloration?

“A. In this example the reducing agent of the type that acts to arrest discoloration is formaldehyde.

“Q. In this Example 1 what is the purpose of the compound B-oxynaphthoic acid anilide?

“A. The purpose of this substance is that it acts as the [155] azodyestuff component necessary for the formation of the azodyestuff in the positive diazo type process, as described already earlier extensively.

“Q. You stated on cross-examination that this B-oxynaphthoic acid anilide was a reducing agent;

(Testimony of Frans Van der Grinten.)

how does this reducing agent differ over the reducing agents which prevent or arrest the discoloration?

“A. As I have already explained, the discoloration of diazo type prints is due to the oxidation of certain substances present in the background of the diazo type print. These substances were the decomposed product of the diazo compound which was formed by the action of light and the azodyestuff component which was added to the exposed print, or already to the sensitive layer. These two substances undergo, as I have already stated, a change under the action of the oxygen of the air. I wish to refer to the test which I described, and in which we took a discolored diazo type print, cut it into two pieces, and stored in a room with and one in a room without air, which was a proof that the discoloration which took place in that part which was stored in the air was due to an oxidation. If any substance undergoes an oxidation spontaneously by the air it consequently is and must be a reducing agent. In order to prevent further misunderstanding on this point I wish to point out that in practically all those substances which discolor under the action of oxygen they are and must be reducing agents. It therefore is quite clear that in the invention in the first patent in suit we counteract the discoloration of reducing agents, which, when they act as reducing agents, that is to say, when they are oxidized—discolored by means of other reducing agents which

(Testimony of Frans Van der Grinten.)

counteract the oxidation of the first-named reducing agents. It is therefore clear that we must make a clear distinction between those reducing agents which cause the discoloration and those re- [156] ducing agents which counteract the discoloration. Of course, nobody—even we inventors,—can help it that these substances which discolor are and must be reducing agents also. Therefore, we have in formulating our invention to point out that the reducing agents which had to counteract the discoloration must of course not be of the type which would themselves discolor in the carrying out of their reducing action.

“Q. In the Kalle British patent No. 210,862, where does it say anything about the discoloration of the background of the finished diazo type print?

“A. Nowhere; there is not one word in the patent which relates to the finished print or to its discoloration.

“Q. Does this patent mention any ingredient which can act as a reducing agent capable of arresting discoloration of the background of the finished print in the environment into which Kalle puts it?

“A. In this environment the substances which are added to the finished print are not capable of arresting the discoloration of the finished print in an extent which is at all appreciable. I have tested this myself several times.

(Testimony of Frans Van der Grinten.)

The COURT: Does the defendant claim in any of the prior patents there was an arrest of discoloration?

Mr. HOFFMAN: His position is that this citrate or this tartrate, when you get through with the print, although the tartaric acid is added to the layer, that is a reducing agent, and that acts to arrest the discoloration.

“Q. In which examples in the first patent in suit is there stated a reducing agent which arrests discoloration in the finished print?

“A. In all the examples in this patent there are named reducing agents.

“Q. That is, specific reducing agents? [157]

“A. Specific reducing agents, yes.

“Q. Did there exist in the art at the time of your inventions diazo compounds which bleach upon exposure to light?

“A. There certainly did exist a good many diazo compounds fit for the purpose of making positive diazo type prints with. I refer, for instance, to diazo primulin; Green used the first one to carry out the first positive diazo type process. I refer to the diazo compound mentioned by Andresen, which is fit for the purpose. I refer to diazo carbazol, which was suggested for the purpose by Ruff & Stein, and to diazo anhydrides suggested by Kalle, and to the so-called diazo compounds in a wider sense, as claimed in Kalle's British patent, 234,818,

(Testimony of Frans Van der Grinten.)

and last, but not least, to diazo compounds which are mentioned by name in the first patent in suit.

“Q. Is not the invention of the first patent in suit based upon the discovery that the discoloration of the background of the diazo type prints was due to oxidation?

“A. Yes, it was.

“Q. In your opinion, do reducing agents when counteracting the discoloration, that is, when counteracting the aforesaid oxidation, act in a reducing manner?

“A. In my opinion they most certainly do. When an oxidation reaction is involved and a reducing agent which is capable of doing exactly the opposite of an oxidation is arresting such reaction, there is not the slightest doubt that this must be due to its reducing character. I have found not only that the reducing substances when counteracting an oxidation reaction like the oxidation reaction in this case act as reducing agents. And, moreover, that those parts of the molecules of the reducing agents which are capable of arresting an oxidation reaction are those parts which give the reducing action.

“Q. Will you now please refer to the second patent in suit [158] and state what you mean by a thin film?

“A. By a thin film in this patent is, of course, meant a film of a thickness which satisfies the purpose of the patent.

(Testimony of Frans Van der Grinten.)

Recross Examination

“Q. Referring to Plaintiffs’ Exhibit 12 Doctor, the formula which is shown on that chart indicates an amino compound, does it not?

“A. It certainly does.

“Q. The presence of the NH_2 radical or group in a compound does not necessarily mean that the compound is a reducing compound, does it?

“A. It not always does, although I might say that in most of the amino compounds the amino group is the cause for the reducing capacity, more specifically in this case.

“Q. Take the substance carbamide, is there an amino group or NH_2 group present?

“A. Yes, there is.

“Q. Is carbamide a reducing agent?

“A. Yes, it is a reducing agent.

“Q. Referring to the British patent 210,862, Plaintiffs’ Exhibit 20, did you not previously testify on cross-examination that the acid present in the sensitive layer was changed to a salt of that acid and remained in the finished print?

“A. Upon development with alkali this acid is transformed into a salt of this acid. When tartaric acid is used a tartrate is formed. When citric acid is used a citrate is formed upon development, so that the finished prints contain the salts and not the acids.

“Q. And both of those salts are reducing agents, are they not?

(Testimony of Frans Van der Grinten.)

“A. They certainly are.

“Q. And if used in sufficient quantities they will arrest the [159] discoloration of the background of that diazo print?

“A. They certainly will.

Further Redirect Examination

“Q. With respect to the British patent to Kalle, 210,862, does this patent state anything as to the quantity that is required to be used?

“A. It certainly does. On page 1, lines 80 to 83, the patent says: ‘To obtain still greater stability of the light-sensitive layer small additions of acid such as tartaric or citric acid are made.’

In Example 3, in the same patent, “In 1000 parts of water there are used 5 parts by weight of tartaric acid.” Consequently the tartaric acid is applied to the paper in a solution $\frac{1}{2}$ per cent. strong.

“Q. Then in the Kalle patent the tartaric acid is not added in an amount sufficient to arrest the discoloration of the background of the finished print?

“A. In the Kalle patent the tartaric or citric acid is not used in a quantity sufficient to form in the finished print tartrates or citrates in an amount sufficient to counteract the discoloration of the finished print in a way which would be at all appreciable.

The COURT: Q. That was not one of the purposes of the patent, either, was it?

(Testimony of Frans Van der Grinten.)

“A. It was in no way the purpose of the patent for adding these acids. The Patent adds the acids to prevent a premature reaction between the diazo compound and the azo component in the sensitive layer or exposure, because when such a reaction would have taken place then of course there would have been no more diazo compounds present and the whole process which is based upon the particular properties of the diazo compound [160] could not have been carried out.

“Q. Has Kalle taken a license under your patents?

Mr. WHITE: We object to that.

The COURT: Objection overruled.

“A. Kalle has taken several licenses under our patents.

“Q. In what countries?

“A. In nearly all countries of the world.

“Q. Is this the same Kalle that is the inventor of this British patent, 210,862.

“A. It is the same as the inventor of this patent, yes.

Mr. WHITE: If your Honor please, I think that the best evidence of that would be the license, itself. I think the answer should be stricken.

Mr. HOFFMAN: The question does not ask for the contents of the license. The question is whether he has taken out the license.

The COURT: Motion denied; exception noted.

(Testimony of Frans Van der Grinten.)

Further Recross Examination

“Q. The purpose of any diazo type process, Doctor, is to obtain a stable background, is it not?

“A. The first purpose of a diazo type process is to obtain a picture, a print from the original.

“Q. One that will not discolor but will remain stable?

“A. That is a second feature; as I have already explained to you, the diazo type printing was so well known before we entered the field with our invention.

“Q. Was it also well known that the decomposed products of the diazo compound and the azodyestuff component oxidize when the print was exposed to atmosphere?

“A. The only thing which was by that time known was that these prints showed a remarkable discoloration. It was not known [161] until further investigation that these substances were responsible for such discoloration, neither that it was an oxidation of these substances which was the cause of the discoloration.

“Q. What quantity of thiourea is necessary, in your opinion, to arrest the discoloration of the background of a diazo type print?

“A. I think that a solution of diazo compound so that it has to be applied to the paper so as to form a sensitive layer and there is added one or two per cent. of thiourea and a very remarkable improve-

(Testimony of Frans Van der Grinten.)

ment of the discoloration is already obtained, although when larger quantities up to for instance 4 or 5 per cent. are added this is still improved. [162]

TESTIMONY OF HUGO KLEIN, FOR PLAINTIFFS.

Hugo Klein, called as a witness on behalf of plaintiffs, being duly sworn testified as follows:

Direct Examination.

My name is Hugo Klein. I reside at 145 Emerson Avenue, Floral Park, New York. I hold the degrees of Bachelor of Arts, Bachelor of Science, and Chemical Engineer from Columbia University in the City of New York. Since my graduation, I have practiced my profession either as a chemist or chemical engineer. For some time I was employed by the E. I. Dupont de Nemours & Co., Inc., first as a chemist in their Jackson Laboratory, and then as a chemical engineer in their tetraethyl lead plant.

My present occupation is Chemical Engineer with the Charles Bruning Company, Inc., of 102 Reade Street, New York City, one of the plaintiffs in this case. The nature of my duties is to supervise the technical aspects of manufacturing operations, test all materials and products, solve any difficulties in manufacturing, and conduct research work. I have been in the employ of the Charles Bruning Company since May 13, 1929.

(Testimony of Hugo Klein.)

Mr. HOFFMAN: Your Honor, before proceeding any further I would like to read this stipulation into the record. Defendant admits that its Diepo Direcprint paper No. 500 has a sensitive layer which contains a diazo compound bleaching on exposure to light. That its developer for use in conjunction with its Diepo Direcprint paper contains an azo-dyestuff component and a non-volatile alkaline substance. You agree to that stipulation, do you, Mr. White? [163]

Mr. WHITE: I so stipulate.

My company was primarily engaged in the blueprint and photostat business before it went into the diazo type print business. At the time of joining the company, the matter of purchasing the two inventions of the patents in suit was pending. I was immediately made familiar with all of the aspects of the situation. All correspondence and test samples and reports were laid before me with a view to becoming fully acquainted with the situation so that I could advise the Charles Bruning Company in regard thereto and also put my department in shape for the marketing of the inventions of the patents in suit should the Bruning Company decide to purchase them. On August 1, 1929, the Bruning Company purchased the inventions and the price of \$30,000 was paid for them. The \$30,000 was to be paid in five annual installments but the Bruning Company was to have an exclusive license

(Testimony of Hugo Klein.)

to practice the inventions of the patents in suit during this payment period. Shortly after May 13, 1929, my company began the development of these two inventions incident to placing them on the market. In developing these inventions up to the present time and in putting them on the market the Bruning Company has spent approximately from \$147,000. to \$150,000. In all my company has invested close to \$180,000. in these inventions and patents.

My company began to market the inventions of the two patents in suit which have to do with the making of positive diazo type prints, and sensitized paper and the developer necessary for making the prints, in August, 1929. The sensitized paper is sold in the form of rolls and sheets under the trade-name BW Paper. The developer for this paper is sold in powder form in cans under the trade-name BW Developer. The process, as such, is marketed under the trade-name BW Process. The trade-name BW is registered in the U. S. Patent Office. [164] The purchaser of the BW Paper and Developer is granted the right to practice the BW Process based on the inventions of the two patents in suit. We advertise extensively in trade journals, and send out a lot of printed literature and pamphlets. I believe there is here in court two typical examples of the printed matter which we send to customers and prospective customers. One booklet

(Testimony of Hugo Klein.)

is titled "Black and White Magic." It is a nicely illustrated booklet in which there is described the scope and application of the process. The other booklet is entitled "BW Instruction Manual" giving instructions as to how to use BW Paper and BW Developer to obtain optimum results.

Mr. HOFFMAN: I offer in evidence a circular entitled "Black and White Magic," and the booklet entitled "BW Instruction Manual" as Plaintiffs' Exhibit next in order.

(The documents were marked "Plaintiffs' Exhibit 22.")

The BW Paper and BW Developer is marked with the patent numbers. From August, 1929 to date, we have sold 4,500,000 square yards of BW Paper and 100,000 cans of BW Developer powder. In the initial year, 1929, we sold 127,000 square yards of BW Paper and 2,300 cans of BW Developer. In 1933 we sold 975,000 square yards of BW Paper and 23,000 cans of BW Developer powder.

To the best of my knowledge, Defendant first began to infringe the patents on December 9, 1931. After learning of the infringement, we notified Defendant by letter, such letter being sent on September 16, 1932. Being handed a copy of such letter; it is the copy.

Mr. HOFFMAN: I offer the infringement letter in evidence and ask that it be marked Plaintiffs' Exhibit next in order.

(Testimony of Hugo Klein.)

(The document was marked "Plaintiffs' Exhibit 23.")

I purchased some of Defendant's paper and developer by placing a requisition with our purchasing department in [165] New York for a roll of Defendant's paper and the developer therefor. This requisition was forwarded to our Los Angeles branch who, in turn, purchased a roll of Defendant's paper and developer directly from the Dieterich-Post Company, I received this on November 1, 1932. I found on examination of the roll that it was labeled "Dieterich-Post Diepo Direcprint Paper No. 500." The developer was labeled "Developer Therefor". Accompanying the roll of paper and developer was a packer's memo and an invoice covering the sale. Being handed copies of the packer's memo and invoice; Yes, these are copies thereof.

Mr. HOFFMAN: It is stipulated, your Honor, that we can introduce a photostatic copy. I introduce in evidence a photostatic copy of the package memo and the bill for the purchase of this product as Plaintiffs' Exhibit 24.

(The document was marked "Plaintiffs' Exhibit 24.")

Being handed labels and asked whether or not they were on the roll of paper received on November 1, 1932; Yes, I cut off these labels from the roll of paper with my own hands before leaving for the West.

(Testimony of Hugo Klein.)

Mr. HOFFMAN: I offer in evidence the labels attached to the roll of Defendant's Diepo Direcprint paper and ask that it be marked Plaintiffs' Exhibit next in order.

(The labels were marked "Plaintiffs' Exhibit 25.")

Being handed General Directions for Using Diepo Direcprint Paper and asked whether they were attached to the roll of Diepo Direcprint Paper received on November 1, 1932; No, it was not attached to the roll but it was tucked into the fold of the outside wrapper of the roll.

Mr. HOFFMAN: I offer in evidence the paper showing the General Directions for using Defendant's Diepo Direcprint paper and developer as Plaintiffs' Exhibit next in order.

(The document was marked "Plaintiffs' Exhibit 26.") [166]

Being handed a piece of the paper taken from the roll of Diepo paper; Yes, it is for I cut this piece out of that roll myself before coming West.

Mr. HOFFMAN: I offer in evidence this specimen of Defendant's Diepo Direcprint paper and ask that it be marked Plaintiffs' Exhibit next in order.

(The paper was marked "Plaintiffs' Exhibit 27.")

Being handed the tube of developer which accompanied the roll received on November 1, 1932;

(Testimony of Hugo Klein.)

Yes, it is. Of course, some of the powder has been taken out for analytical purposes.

Mr. HOFFMAN: I offer in evidence a specimen of Defendant's developer and ask that it be marked Plaintiffs' Exhibit next in order.

(The specimen of developer was marked "Plaintiffs' Exhibit 28.")

"Q. Have you analyzed a specimen of defendant's Diepo Direcprint paper No. 500 to determine whether it contains a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of the finished print and, if so, with what results?

"A. Yes, I have. I found that it contains thiourea.

"Q. Will you please explain your test which established the presense of thiourea in defendant's Diepo Direcprint paper?

"A. I have prepared a chart which represents diagrammatically the steps that I pursued in my analysis. I would like to refer to it because I think it will clarify the whole situation.

Mr. HOFFMAN: Before proceeding with this, I would like to point out, because of the stipulation that we have entered into, this part of the chart will not have to be considered, because this analysis that is contained under these black chalk marks, and this portion on the left hand of the chart, with reference to establishing that in this defendant's paper there is a diazo compound which bleaches on

(Testimony of Hugo Klein.)

exposure to light, the [167] stipulation has taken care of that in that the defendant has admitted that its paper contains that type of compound, so therefore we need not take up that question here. All that the witness will testify now is as to how he took this specimen and proceeded with it and conducted the necessary analysis whereby he determined that thiourea was in the paper.

“A. In order to satisfactorily analyze the components of the sensitized layer of the defendant's paper, it was necessary to remove this light-sensitized layer from the base paper. After several experiments I hit upon a satisfactory method of accomplishing this, which consisted merely in taking approximately ten yards of the defendant's paper and laying it between two pieces of filter paper of the same size, and then rolling the three pieces of paper up tight, in as tight a roll as I possibly could, and taping the outside with electrician's tape. After having applied the tape I lacquered the outside of this roll twice; in rolling up I was unable to roll it up so tight that there would not be a core in it which was open; in order to stop this up I placed a cork in the bottom of the core and poured molten paraffine in that, and permitted that to solidify. After the paraffine had solidified, as I have graphically shown here, the roll of paper I had was waterproof on the outside, in which the core was filled with paraffine, and which consisted of alternate layers of defendant's paper between the filter paper.

(Testimony of Hugo Klein.)

I then set this roll up vertically and to the top of it I attached an inverted glass funnel by means of a piece of an auto inner tube, and I took the bottom of the roll and placed it in a glass funnel, as represented diagrammatically here. Then I connected the upper funnel with a source of water supply and opened this so that the water began to percolate down into the funnel and through the roll which I had so built up. Obviously, the core of this roll being filled with paraffine, the outside of it being [168] waterproofed by means of electrician's tape and lacquer, the only path that that water could pursue would be through the roll between the filter paper. At the end of about seven hours the first drop of extract began to appear in the receptacle down here. At the end of 24 hours, approximately three liters of extract of sensitized layer had collected down here. This extract was a yellow solution, and upon opening the roll at the end of 24 hours I found, indeed, that all of the yellow sensitizing layer had been removed from the base paper, leaving the base paper in its original state, namely, a white paper. Now, this extract which I had in this vessel having a volume of approximately three liters was too large to handle for analytical purposes, so I subjected it to a well-known operation, well-known to all chemists, of concentration, which consists merely in subjecting the extract to heat so that the solvent evaporates. This concentration was effected at a carefully con-

(Testimony of Hugo Klein.)

trolled temperature in order to be sure that none of the constituents of the defendant's paper were injured by excess of heat. The concentration was accelerated by the use of a hot blast fan which removed the vapors as rapidly as they formed; at the end of the concentration I had a concentrate of approximately 100 cubic centimeters in volume; it had collected particles of dust and lint from the paper, and I removed those by filtration. Now, as the defendant's paper is a diazo type paper, I thought it reasonable to assume that it had a diazo compound in it. It is a well known fact that diazo compounds can be precipitated from an acid solution by the addition of certain salts, such as sodium sulfate, stannic chloride, and the like. Therefore, to the concentrated filtered extract in this vessel I added sulfuric acid, as represented diagrammatically here, in order to acidify it, and sodium sulfate, as represented there, and immediately the diazo compound began to precipitate in the [169] form of the yellow precipitate which is an addition compound of the diazo compound and sodium sulfate. The precipitate is represented diagrammatically by the cross hatched portion shown as settling down in the bottom of the vessel. When the precipitation was completed, that is to say, after the successive additions of sodium sulfate necessary to bring all of the yellow compound down to the bottom here, I removed the diazo compound from this system by simple filtration, the diazo precipitate remaining

(Testimony of Hugo Klein.)

on the filter as shown by the cross hatched portion, and the filtrate coming down below in the form of an essentially colorless solution. I had every reason to believe that if the defendant's sensitized layer contained a reducing agent that reducing agent would be thiourea. I therefore proceeded in my subsequent tests on this assumption. Now, it is a well-known fact to chemists that when a pure solution of thiourea is treated with the reagent cuprous chloride and hydrochloric acid a very characteristic white precipitate forms, which is an addition compound of thiourea and cuprous chloride. Therefore, to this filtered extract of the defendant's paper I added, as represented here, a solution which contains .65 of 1 per cent. cuprous chloride and 3 per cent. of hydrochloric acid, and immediately obtained a white precipitate of the thiourea-cuprous chloride complex which resembles exactly the precipitate which one would obtain under similar circumstances from pure thiourea. This, in itself, is one proof that the filtered extract of defendant's paper contains thiourea.

But I wanted to establish that fact very firmly. In this test I filtered out the white precipitate in the normal fashion and as I was no longer interested in the filtrate I discarded it, as shown here. Having now the white precipitate on the filter, I washed it several times with dilute hydrochloric acid in order to remove possible excess of cuprous

(Testimony of Hugo Klein.)

chloride, or any other [170] matter that was not involved in the subsequent tests. Now, having the white precipitate on the filter paper I wanted to dissolve it. It is a well-known fact that the thiourea-cuprous chloride precipitate will dissolve readily in potassium cyanide solution, the mechanism of the dissolving being that the complex compound is split apart into its two constituents, namely, thiourea and cuprous chloride, and the cuprous chloride subsequently reacts with the potassium cyanide to form potassium cupro cyanide. Therefore, I took my precipitate which had been filtered and washed, as shown here, and bringing it down here I added a potassium cyanide solution to it and it dissolved in the potassium cyanide to form a clear solution. Having completely dissolved the precipitate in that fashion I evaporated the solution to dryness on the steam bath, carefully controlling the temperature, and watching so that nothing in the solution would be injured by excess heat, the temperature being maintained below 105 degrees centigrade; I had a dry residue as the result of this evaporation, and I knew that the main constituents that were contained would be thiourea and potassium cupro cyanide. It is a well known fact that thiourea is soluble in absolute alcohol, whereas potassium cupro cyanide is not. Therefore to the residue which I secured as the result of evaporation I added absolute alcohol, as shown here, and stirred up the residue into the alcohol and boiled vigorously; after

(Testimony of Hugo Klein.)

boiling for some time I decanted the absolute alcohol solution, bringing it down to this point, here, and then added another portion of absolute alcohol to the residue from which I had decanted the first addition of alcohol, and repeated the operation. I did this four times, and at the end of that time I had the four decanted portions in one, as represented down here. The residue was discarded, as I had no longer any interest in that. I then took the alcohol solution of [171] the substance which I believed to be thiourea and evaporated it to dryness on the steam bath, again keeping the temperature below 105 degrees centigrade. I then subjected the residue from the evaporation to the well-known purification operation with which all chemists are familiar, and which is known as recrystallization; in recrystallization of the residue I used absolute alcohol as a solvent, and finally obtained a pure white residue which I proceeded to establish was in fact thiourea. Now, there is a first reaction which it is well known that thiourea will give. If one takes pure thiourea and adds acetic acid and then potassium ferro cyanide, there is a color change in which the light yellow color of the solution changes first to green and finally to a permanent blue. I therefore took a small portion of this white residue and brought it down as graphically shown here, added acetic acid as shown there, and then I added a little potassium ferro cyanide and I obtained a color change from light yellow to green

(Testimony of Hugo Klein.)

and blue exactly as pure thiourea would have done under similar circumstances. The second test which is characteristic of thiourea is as follows: If pure thiourea in a water solution is treated with sodium carbonate which would make it alkaline and then potassium ferro cyanide added to that water solution of thiourea with sodium carbonate in it, there is a change from light yellow to deep violet; the color change is rather slow in coming about and the violet, while it is formed, is not permanent, but it can be brought back instantly by a further addition of potassium ferro cyanide. I therefore took a second portion of this white residue and dissolved it in water and brought it down into this position, made it alkaline with sodium carbonate and then added potassium ferro cyanide thereto and obtained a color change from light yellow to violet, exactly as pure thiourea would do under similar circumstances. The violet color was [172] not permanent, but immediately upon additional potassium ferro cyanide being added the violet color was regenerated. The third test which is very characteristic of thiourea is that when thiourea is heated for an extended period it undergoes a conversion to an entirely different compound known as ammonium thiocyanate. Ammonium thiocyanate has a property which thiourea has not, namely, that it will give a blood-red color with ferric iron in the form of ferric chloride or any other ferric salt. I there-

(Testimony of Hugo Klein.)

fore took a third portion of the white residue which I believed was thiourea, and without heating it I immediately added ferric chloride thereto, and did not obtain any blood red color. This established that my white residue had no ammonium thiocyanate in it.

I took a fourth and final portion of this white compound and heated it for perhaps an hour at a temperature of 140 to 160 degrees and at the end of that time I took that heated powder and dissolved it in water and added ferric chloride thereto and immediately obtained a blood red color which indicated that thiourea had been converted by the heat reaction to ammonium thiocyanate, which gave a blood red color with ferric chloride. I thus established by this test, this test, and this test, that the defendant's paper, the light-sensitive layer of the defendant's paper, did in fact contain thiourea.

"Q. Mr. Klein, in connection with the test on thiourea, you stated you took the thiourea and heated it.

"A. Yes.

"Q. To convert it over to ammonium thiocyanate. Will you please state the temperature to which you heated it?

"A. I heated it at a temperature above 140 and below 160 degrees.

"Q. Was that on the centigrade scale or on the Fahrenheit scale?

"A. On the Fahrenheit scale.

(Testimony of Hugo Klein.)

Mr. HOFFMAN: I will offer in evidence the chart on the [173] analysis of defendant's paper as Plaintiffs' Exhibit next in order.

(The chart was marked "Plaintiffs' Exhibit 29.")

"Q. Does thiourea, when present in the background of a finished diazo type print exhibit the property of arresting the discoloration of such background under normal conditions of keeping and storage and if so please explain your reason for so saying.

"A. Yes, thiourea does arrest the discoloration of the background of the prints, and my reason for so stating is that I have made prints in exactly the same way, except that one print contained thiourea in the background and the other did not, and the print containing the thiourea showed practically no discoloration, whereas the print which had no thiourea in it showed an appreciable discoloration.

"Q. Will you please produce for the inspection of the Court a specimen of a positive diazo type print which has thiourea therein and explain how it was made?

"A. Which has thiourea in it?

"Q. Yes.

"A. I have such a print here. This print was made from a sensitized paper in which the sensitized paper contained 2 per cent. of the diazo compound known as para-diazo-diphenylamine, .75 of 1 per cent. of oxalic acid, the oxalic acid being

(Testimony of Hugo Klein.)

added to stabilize the diazo compound and maintain it in its original state. This sensitized paper was exposed to light in the ordinary fashion under a tracing, and after exposure there was added a developing solution containing $2\frac{1}{2}$ per cent. of sodium carbonate and $\frac{1}{2}$ per cent. of phloroglucinol, and immediately after development the print was dried and this is the resulting print.

Mr. HOFFMAN: I will now offer in evidence the specimen of the finished diazo type print with thiourea therein as Plain- [174] tiff's Exhibit 30.

(The specimen was marked "Plaintiff's Exhibit 30.")

"Q. Now, will you please produce for the inspection of the Court a specimen of a positive diazo type print which has no thiourea therein and explain how it was made?

"A. I have a print of that diazo type. This print was made from a sensitized paper in which the sensitized layer contained 2 per cent. of para-diazodiphenylamine, and $\frac{3}{4}$ of 1 per cent. of oxalic acid, the oxalic acid being incorporated merely for the purpose of stabilizing the diazo compound and maintaining it in its original form. This sensitized paper was exposed to light in the normal fashion under a tracing, and after exposure it was developed with a developing solution containing $2\frac{1}{2}$ per cent. of sodium carbonate and $\frac{1}{2}$ per cent. of phloroglucinol, and immediately after development the print was dried and this is the print.

Mr. HOFFMAN: I will offer this specimen of

(Testimony of Hugo Klein.)

positive diazo type print having no thiourea therein as plaintiff's exhibit next in order.

(The print was marked "Plaintiffs' Exhibit 31.")

"Q. Now, Mr. Klein, will you please state when these two specimens, Plaintiff's Exhibits 30 and 31 were made, and how they were kept after they were made?

"A. They were both made on April 16, 1934. They were both kept in exactly the same way, which was the normal way in which prints of this type would be stored under ordinary conditions or usage, that is to say they were laid on my desk for two or three days, and then they were put in the drawer for several days, and then they were taken out of the drawer and put on the desk again, and this process continued until we left for the trial.

"Q. When did you leave for the trial?

"A. October 22. [175]

"Q. Is this the common manner of keeping these prints for preservation purposes?

"A. Well, it is an approximation of that, that is to say prints like this are kept in files, or drawers, or possibly in a book, and then drawn out from time to time to be examined and placed back in the file or drawer, or book, whatever the case may be.

"Q. Will you please examine these two exhibits with particular reference to their background, and state what they show?

"A. Exhibit No. 31, which contains no thiourea, in the background, exhibits a marked discoloration of the background, whereas Exhibit No. 30, which

(Testimony of Hugo Klein.)

does contain thiourea in the background exhibits practically no discoloration.

The COURT: During the recess I wish you would either by consent or otherwise have the witness indicate on those papers the distinction between the two.

Mr. WHITE: That is, with thiourea and without thiourea?

The COURT: Yes.

Mr. HOFFMAN: It is already indicated there, your Honor.

The COURT: All right, if it is already there. I didn't know it. You may proceed.

Mr. HOFFMAN: "Q. Have you analyzed the specimen of defendant's developer to determine whether or not it contains the reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of the finished print and, if so, with what result?

"A. Yes, I have. I found that it contains a thiosulfate.

"Q. Will you please describe in detail your test which establishes that defendant's paper contains thiosulfate?

"A. I have prepared a chart for that purpose, and I will refer to it.

Mr. HOFFMAN: Just a moment, if you please. Your Honor, [176] before the witness proceeds I would like to call attention to the fact that in view

(Testimony of Hugo Klein.)

of the stipulation, or the admission of the defendant by stipulation that this developer has an azo coupling component and a non-volatile alkaline substance it will not be necessary to discuss these two tests; first phloroglucinol test to establish that defendant's developer has an azodyestuff component; this other test on the right-hand column of this chart is for a carbonate; that is the non-volatile alkaline substance. In view of the stipulation and the admission it is needless to go into that.

The COURT: You mean it is needless to go into the part marked with the cross on this chart that will be marked Plaintiffs' Exhibit 32.

Mr. WHITE: If the Court please, before the witness proceeds with any testimony in connection with this exhibit I would like to raise this objection. The issues in this trial up to about six or seven weeks ago included claims 7 and 9 of the second patent, calling for the use of a developer containing sodium thiosulfate. Six weeks ago those claims were withdrawn under protest by me. Your Honor allowed the withdrawal of those claims. Now the plaintiffs propose to introduce testimony that the defendant's developer contains thiosulfate, which they have withdrawn from the issues in the case. I think the plaintiff is estopped to introduce testimony along that line.

Mr. HOFFMAN: Your Honor, in connection with that I will say that this is rather a broad invention. In this second patent we describe and dis-

(Testimony of Hugo Klein.)

close a great number of reducing agents which are of the type that when they are present in the background of the finished print they will arrest discoloration. During the consideration of these claims, and in preparing for the trial I went into this matter very thoroughly, and I found that claims 7 and 9 were invalid because of a prior patent. So, according to the recent Supreme Court decision in the Ensten case, I immediately filed in the United States Patent Office, a disclaimer as to these two claims. Of course, in an invention you naturally have generic claims and specific claims. In view of the fact that this species that we had in our patent is invalid because of prior art, we naturally took out those claims. We have not attempted to sue on those claims. The reason why we filed the disclaimer is not in issue in this suit.

Mr. WHITE: If the plaintiff admits that the use of a thiosulfate in the developer is old in the art I cannot see how in any respect defendant would be infringing if it did use thiosulfate in its developer. I cannot see what the purpose of the testimony is.

Mr. HOFFMAN: The purpose of the testimony is this: We disclose in the patent that we can use a developer which has a reducing agent in it of a type that prevents discoloration. The art is taught by that patent. A man will come along after the patents go out, a man skilled in the art will see

(Testimony of Hugo Klein.)

these patents, and naturally a man will come along and will find that thiosulfate is a very good reducing agent. He will then file an application in the Patent Office and they will grant him a patent, because that is a specific invention falling under the broad invention. As a matter of fact, when a man opens the art and points the way, naturally he cannot begin to disclose all the specific reducing agents that will work in that particular process. He discloses as many as he can. Then developments start. As a result of those developments the fellow that is working on this particular reducing agent finds it works very well. Yet he takes the teaching out of the basic patent. Naturally, because he discovers that a particular reducing agent is peculiarly adapted to this particular art he is able to get a patent. That is also true of another man who finds another species. That is the way the art develops.

Mr. WHITE: Your Honor, I think plaintiffs' counsel is going [178] off on a general discussion of patent law. He stated here that he withdrew claims 7 and 9 and filed a disclaimer in the United States Patent Office because those claims were invalid because of the prior art. How can he possibly get a generic claim on a reducing agent if the prior art shows a species of reducing agents such as thiosulfate?

The COURT: Objection overruled; exception.

Mr. HOFFMAN: Your Honor, with respect to thiosulfate in defendant's developer, this is clearly

(Testimony of Hugo Klein.)

covered by the first patent in suit, and that is not anticipated by any prior art. As to the second patent, I would like to explain the situation a little more in detail so as to clarify the matter, because I am afraid that probably the way I explained it previously you did not fully understand it. As to the second patent, you will note at the head of the patent that there is a Netherlands application referred to. The filing date of that is August 22, 1927. We filed the corresponding application in this country on August 11, 1928. Upon checking over The Netherlands application filed August 22, 1927, with the application filed here in this country on August 11, 1928, I found that the example 2 on page 3 of this patent which contains a basis for claims 7 and 9 which are directed to the use of thiosulfate particularly was not included in the Holland application or The Netherlands application. Therefore, the subject-matter of example 2 would have to rely for its date of invention on the filing date of application in the United States, namely August 11, 1928. Upon checking this matter with the prior art I found a patent which disclosed the use of thiosulfate in a developer for use in making positive diazo type prints of the type which do not discolor upon extended periods of keeping. The effective date of that patent was one month prior to our filing date here in the United States. As I recall it, the effective date of that United

(Testimony of Hugo Klein.)

States patent was July 14, 1928. When I found that condition, your Honor, I immediately filed a [179] disclaimer as to these two specific claims, because in that situation we then had two United States patents claiming substantially the same subject-matter. In view of the fact that the inventor of this second patent is a foreigner, and also the inventor of the prior patent which had a date of July 14, 1928, was also a foreigner, the question would turn on priority in determining who would get the claims in the patent, or who would be entitled to the claims in the patent. That question of priority turns solely on the question of reduction to practice in this country. That would be the question which would arise as between Van der Grinten, the inventor of the second patent here in suit, and the British citizen who had this other patent, the patent that has a filing date one month prior to the filing date of our second patent. The earliest date we could get for a reduction to practice of the invention in this country would be our filing date here in the United States, in other words, August 11, 1928. That would likewise be true as to this British citizen, the inventor of the other patent who had the date July 14, 1928. So, no matter what we did, we could not prove priority of invention and we would lose out. Therefore, those claims would be invalid. In addition, I might also say that there is a reference in the prior art whose date is June 14, 1928, which clearly antici-

(Testimony of Hugo Klein.)

pates not only these two claims 7 and 9 in the second patent in suit, but also one claim in this United States patent—and I am referring to the patent that had a filing date July 14, 1928. In view of those circumstances, and in view of the recent decision of the Supreme Court in the Ensten case, I immediately filed a disclaimer as soon as I ascertained that fact. Simultaneously, I took steps to withdraw these claims from suit. That is the situation with respect to these two patents. One thing I would like to make clear is that irrespective of the situation with respect to the second patent, thiosulfate is clearly [180] covered by the first patent in suit, and is not anticipated by the prior art.

Mr. WHITE: If the Court please, I think, in view of the fact that plaintiff's counsel has stated that he has filed a disclaimer in the United States Patent Office with respect to claims 7 and 9 in the second patent in suit, the defendant is entitled and the Court should see and have before it a copy of that disclaimer. In view of the fact that the plaintiffs' counsel has stated and has made reference to a foreign patent with the filing date of July 14, 1928 showing a disclosure of sodium thiosulfate, I think that the defendant is entitled to have produced here a copy of that patent. I think the Court would be benefited by having that before it. I am asking plaintiffs' counsel now to produce those two papers, one the copy of the disclaimer

(Testimony of Hugo Klein.)

filed in the Patent Office and, second, the copy of the foreign patent to which he has referred in which is disclosed sodium thiosulfate.

The COURT: The chief purpose in withdrawing those claims concerns the matter of costs, does it not?

Mr. HOFFMAN: The reason I withdrew those claims is because there is a provision which specifically states that you are to proceed promptly when you find out that some claims in your patent are obviously invalid. If you file this disclaimer after the suit has been started you will lose your costs of suit. That is the way the statute reads. I mean you will lose the costs of the suit as regards that one patent.

The COURT: Can't you withdraw them any time just before the trial and save the costs?

Mr. HOFFMAN: I really am not very clear on that point, your Honor.

The COURT: I may be wrong about it, myself. However, I have overruled the objection and I will adhere to my ruling. [181] Exception noted.

Mr. WHITE: The reason that I made the objection, your Honor, with respect to the introduction of testimony on thiosulfate being in the defendant's developer is because the second patent relates solely to a developing process and sets out in the claims the composition of the developing fluid or developing liquid which is used. Having

(Testimony of Hugo Klein.)

withdrawn from the suit claims which include a developer having sodium thiosulfate in it, I believe and I contend, and I submit to the Court, that the plaintiff is not entitled to introduce any testimony whatsoever, whether it be toward the first patent or whether it be toward the second patent, wherein the testimony tends to prove that sodium thiosulfate is in the defendant's developer. The proof may be that sodium thiosulfate is in the finished print, or is in the paper. So far as the developer, itself, is concerned, that is another matter. They have withdrawn it.

The COURT: Objection overruled; exception.

Mr. HOFFMAN: Q. Will you please, Mr. Klein, begin your description of this test right from the beginning?

"A. I was to establish the fact that the test developer contained thiosulfate. I took a portion of the defendant's developer powder——

Mr. WHITE: Just a moment, please. For the purpose of the record, your Honor did not rule on my request to furnish a copy of the disclaimer and a copy of the foreign patent.

The COURT: Counsel says that he has withdrawn those two claims.

Mr. HOFFMAN: And the disclaimer is of record, your Honor.

Mr. WHITE: You say it is in the record?

Mr. HOFFMAN: It is of record in this case, yes.

(Testimony of Hugo Klein.)

Mr. WHITE: I would like to see it.

Mr. HOFFMAN: I will show it to you.

The COURT: The statement of counsel that he withdraws those [182] two claims is sufficient; proceed.

“A. I took a portion of the defendant’s developer powder, which was apparently a homogeneous cream-colored powder, and placed it in beaker as shown here; I added water thereto, as represented diagrammatically on Exhibit 32, here, and stirred the water and powder until I had secured a complete solution of the powder and the water. It is a well-known fact that when a neutral solution of thiosulfate is acidified the thiosulfate is decomposed with the formation of fumes of sulfur dioxide and of a precipitate of sulfur. I therefore proceeded on this basis: First of all, I neutralized this water solution of the defendant’s developer powder with hydrochloric acid as represented graphically on the diagram. I then brought that neutralized solution of defendant’s developer powder down to this point on the chart. I acidified it as shown here with hydrochloric acid, and immediately the solution turned a yellow cloudy color and fumes of sulfur dioxide were apparent, not only by their odor, which is a characteristic sharp odor, but by the fact that when a piece of paper saturated with iodine was held in those fumes it was immediately decolorized. Both of those characteristics, the sharp odor and the fact that sulfur dioxide will

(Testimony of Hugo Klein.)

bleach iodine, they are characteristics, themselves which establish the presence of sulfur dioxide. I then heated the beaker in order to accelerate the precipitation of the sulfur as in the cold the precipitation of sulfur is rather slow; upon heating the sulfur collected in the bottom, as represented by the black portion, here, and more fumes of sulfur dioxide were evolved. I took the sulfur precipitate and filtered it out as shown here, collecting the yellow precipitate on the funnel, as shown in black. I was no longer interested in the filtrates, and I discarded them; I washed the yellow precipitate on the funnel several times with water in order to remove all traces of acid; of course, I dis- [183] carded the washings also, as I was not interested in them. I then took the yellow precipitate from the funnel and dried it thoroughly. After I had the yellow precipitate in a dry form I placed it in a long handled spoon, which is known as a deflagrating spoon—of course that is immaterial here, but in passing I mention it—and ignited that yellow precipitate by means of a Bunsen burner. It is a well known fact that pure sulfur, when it burns in air, burns with a very beautiful blue flame; in so doing it combines with the oxygen of the air to form sulfur dioxide. When this sulfur had taken fire and became ignited, or, rather, when this yellow substance had been ignited by the Bunsen burner, it did burn with a blue flame, and it did give fumes of sulfur dioxide, which I recognized by their odor

(Testimony of Hugo Klein.)

and the fact that they decolorized a piece of paper saturated with iodine. I thus proved that the defendant's developer powder contained thiosulfate.

Mr. HOFFMAN: I offer in evidence the chart showing the analysis of defendant's developer as Plaintiffs' Exhibit 32.

(The chart was marked "Plaintiffs' Exhibit 32.")

"Q. Are these tests characteristic of any thiosulfate?

"A. Yes, they are.

"Q. What is the most common thiosulfate?

"A. Sodium thiosulfate.

"Q. Are all of the thiosulfates reducing agents?

"A. Yes, they are.

"Q. Do thiosulfates such as sodium thiosulfate, when present in the background of the finished diazo type print exhibit the property of arresting the discoloration of such background under normal condition of keeping or storage and, if so, please explain your reasons for so stating.

"A. Yes, they do. My reason for so stating is that I have made prints which were exactly identical in their constitution and [184] mode of manufacture, except that the one contained sodium thiosulfate in the background and the other did not. The former print with sodium thiosulfate in the background showed practically no discoloration after extended periods under normal conditions of storage, whereas the print which had no thiosulfate

(Testimony of Hugo Klein.)

in the background showed a marked discoloration under similar circumstances.

“Q. Will you please produce for the inspection of the Court a specimen of a positive diazo type print which contains sodium thiosulfate therein?

“A. I have one here.

“Q. Mr. HOFFMAN: I offer this specimen of a finished diazo type print with sodium thiosulfate therein in evidence as Plaintiffs' Exhibit 33.

(The specimen was marked Plaintiffs' Exhibit 33.”)

“Q. Will you please describe how Plaintiffs' Exhibit 33 was made?

“A. This exhibit was made from a sensitized paper in which the light-sensitive coating containing two per cent. of a diazo compound known as para-diazo-diphenylamine; .75 of 1 per cent. of oxalic acid, the oxalic acid being added merely to stabilize the diazo compound in the layer, that is to say, to keep it in its original state until exposure. This paper thus sensitized was exposed in the normal fashion under a tracing, and after exposure it was developed with a developing solution containing $2\frac{1}{2}$ per cent. of sodium carbonate, $\frac{1}{2}$ of 1 per cent. of phloro-glucinol, and 4 per cent. of sodium thiosulfate. Immediately after development the print was dried and this is it.

“Q. Will you state when this Exhibit No. 33 was made, and how you kept it?

(Testimony of Hugo Klein.)

“A. It was made on April 16, 1934, namely on the same date as Plaintiffs’ Exhibit 31, and the other exhibit of the same type—I don’t recall the number. [185]

“Q. Exhibit 30?

“A. Yes, Exhibit 30, and it was stored under the same conditions as those two exhibits.

“Q. Will you please compare Plaintiffs’ Exhibits 31 and 33 and explain what the background showed?

“A. Plaintiffs’ Exhibit No. 31, which contains no reducing agent, exhibits marked discoloration of the background. Plaintiffs’ Exhibit 33, which contains sodium thiosulfate in the background, exhibits practically no discoloration at all.

The COURT: What is the purpose of the lines in this exhibit?

“A. That is the print, your Honor. That is the color that is developed after exposure by application of the developing solution. This paper was exposed under a tracing to light; the portions to which the light penetrated, through the transparent portions of the tracing, were bleached out and when the tracing was removed I developed it with the developing solution and obtained this color where the sensitized paper had been protected from the light by the lines of the tracing.

“Q. And the discoloration is on the part not covered by the lines?

(Testimony of Hugo Klein.)

“A. The discoloration is in the part not covered by the lines in the tracing, yes.

Mr. HOFFMAN: “Q. Will you please produce for the inspection of the Court a specimen of a positive diazo type print which contains both thiourea and sodium thiosulfate therein?

“A. I have one here.

Mr. HOFFMAN: I offer in evidence a specimen of a diazo type print which contains both thiourea and sodium thiosulfate as Plaintiffs’ Exhibit 34.

Mr. WHITE: I have no objection, your Honor, but I think the foundation ought to be laid first that he made these prints before they are offered in evidence.

Mr. HOFFMAN: I think the foundation has been laid. [186]

The COURT: Yes, I think so.

(The specimen was marked “Plaintiffs’ Exhibit 34.”)

Mr. HOFFMAN: “Q. Will you please describe how Plaintiffs’ Exhibit 34 was made?

“A. I made Plaintiffs’ Exhibit 34 by sensitizing a paper with a solution containing 2 per cent. of a diazo compound known as para-diazo-diphenylamine, .75 per cent. oxalic acid, the oxalic acid being added merely to stabilize the diazo compound in the layer prior to exposure, and 2 per cent. of thiourea. I then exposed the sensitized paper under a tracing having opaque lines like this; after the exposure was complete the portion between the

(Testimony of Hugo Klein.)

opaque lines was bleached out by the light, the diazo compound having decomposed on exposure to light. I then developed this latent image consisting of yellow lines on the background with a developing solution containing $2\frac{1}{2}$ per cent. of sodium carbonate, $\frac{1}{2}$ per cent. of phloroglucinol, and 4 per cent. of sodium thiosulfate. Immediately after development I dried this print. It is now Plaintiffs' Exhibit 34.

“Q. When was Plaintiffs' Exhibit 34 made and how was it stored?

“A. Plaintiffs' Exhibit 34 was also made on April 16, 1934, namely, the same day on which I made Plaintiffs' Exhibits 30, 31, and 33. I stored it under exactly the same conditions as I stored the other three exhibits.

“Q. Will you please compare Plaintiffs' Exhibit 34 with Plaintiffs' Exhibit 31, and state what the background shows?

“A. Plaintiffs' Exhibit 31, which contains no reducing agent in the background, either from sensitizing solution or from the developer, shows a very marked discoloration of the background, whereas Plaintiffs' Exhibit 34, which contains in its background thiourea and sodium thiosulfate, shows therein essentially no discoloration whatsoever.

“Q. Mr. Klein, if you take the defendant's paper and developer [187] as analyzed by you and apply or use it according to the directions on defendant's package, Exhibit No. 26, what kind of a finished diazo type will you get?

(Testimony of Hugo Klein.)

“A. You will get a finished diazo type print which has a white background which will remain substantially white for extended periods under normal conditions of storage, and deeply colored lines which will stand out in bold relief on that background.

“Q. Have you made any prints with defendant's paper and developer?

“A. Yes, I have.

“Q. Did you keep them for extended periods of time under the usual conditions of storage?

“A. Yes, I did. I made the prints on November 4, 1932, and I have had them in my filing cabinet in my laboratory since then, and have taken them out from time to time to examine them.

“Q. Did these prints have the characteristics of having a dark image standing out in bold relief on the white background and that the white background was substantially white?

“A. Yes, they did.

“Q. Do you know the practical steps necessary to make positive diazo type prints?

“A. Oh yes, I have made hundreds of them.

“Q. If you took defendant's Diepo paper and its developer, how would you make a positive diazo type print?

“A. I would take the paper and place it under a tracing; I would then expose it to light in such fashion that the light had to penetrate through the tracing to the sensitized face of defendant's paper.

(Testimony of Hugo Klein.)

I would continue that exposure until the yellow diazo compound on this paper had been bleached to a white color in the background of the print, namely, the portion between the lines. When exposure was thus completed I would remove the tracing and I would have a yellow image on a [188] white background. In order to make this yellow image permanent I would develop it with the defendant's developer. I would take some of the defendant's developer powder and dissolve it in water in accordance with defendant's instructions and apply it to the face of the exposed print, preferably in a machine, but it can be done by any obvious means.

“Q. Is this in accordance with the directions of defendant?

“A. Yes, it is.

“Q. In the use of defendant's products, namely, the Diepo paper and developer, according to its instructions, is the light-sensitive layer applied to a base like paper?

“A. It must be applied to a base by somebody, because otherwise it would not give a positive diazo type print.

“Q. Will you explain to the Court the device used by plaintiffs in carrying out the BW process of patent No. 1,841,653, and how it operates, and what it does?

“A. The plaintiffs' process in patent 1,841,653 has to do solely with the mode of applying the developing solution to the face of the exposed print.

(Testimony of Hugo Klein.)

In accordance with this patent I have prepared a diagram here which describes the makeup of the device that we preferably use, or, rather, that we do use for the application of the BW developing solution to the face of our undeveloped BW paper. As you can see by reference to this diagram, this device consists of a feeding table represented here, and a semi-circular trough represented here. This trough contains the BW developing solution. In this trough containing the BW developing solution an applicator roller rotates in counter-clockwise direction. Superimposed on the applicator roller there are a series of contact discs running perpendicularly, which bear down on the applicator roller and rotate in a clockwise direction. On the take-off side of the applicator roller there are a series of take-off [189] devices represented here. The exposed BW paper which as we have mentioned several times before, consists of a faint yellow image on a bleached background, is laid face down on this feeding table, and it is pushed forward in the direction of the arrow until it is seized between the contact discs and the applicator roller. You can see that would be the case, because they are both rotating in the direction of the motion of the paper at this contact point. As the contact discs and the applicator roller seize the paper they tend to draw it through and off the feeding table, here. The applicator roller, rotating as it does in this trough of BW developing solution, carries up some of the BW developing solution on

(Testimony of Hugo Klein.)

its surface. In carrying it up it applies it at this point to the under side of the undeveloped exposed BW paper. At this point right before the contact point a momentary excess of the BW developing solution is applied to the under side of the print, but as the print proceeds between the contact discs and the applicator roller that momentary excess is squeezed out and moves back on the face of the roller in a direction contrary to its direction of rotation; at the immediate contact point between the contact discs and the applicator roller the solution which is still retained between these two rollers is spread over the under side of the paper in the form of a uniformly thin film. The paper, after passing through that contact point, let us say about here, carries with it substantially the quantity of developing solution necessary to effect the complete development of the print, and a slight film of the developing solution is carried back by the applicator roller on this side into the trough. After the print has reached this point it is picked up by this take-off device, which is just a finger that rests there and catches the print as it comes off, and in a moment or two the print is completely developed and completely dried, and undergoes no further treatment. It is then [190] a finished BW print.

“Q. Are you familiar with the developing device sold by defendant for applying the developer to the exposed diazo type print?

“A. Yes, I am.

(Testimony of Hugo Klein.)

“Q. Have you any of defendant’s advertising circulars?

“A. There is one here in court. This represents the so-called no-ink developer which the defendant recommends to be used on its Diepo paper.

Mr. HOFFMAN: I offer in evidence the chart showing the apparatus for use in developing the BW prints as Plaintiffs’ Exhibit 35.

(The chart was marked “Plaintiffs’ Exhibit 35.”)

I offer in evidence defendant’s advertising folder showing device for applying developer as “Plaintiffs’ Exhibit 36.”

(The document was marked “Plaintiffs’ Exhibit 36.”)

“Q. Will you take this advertising folder, Plaintiffs’ Exhibit 36, and explain to the Court how the machine for applying the developer operates, and what it does?

“A. On the fourth side of this folder there is represented in diagrammatic cross section the No-ink developer of the defendant. It consists of a feeding leaf, an applicator roller rotating in a trough, the trough containing the solution of the defendant’s developer, a contact roller superimposed on the applicator roller, and a take-off device. In the use of this machine the exposed diazo type print is laid face down on the feeding leaf and moved forward until it is grasped between the contact roller and the applicator roller, which are rotating, the contact roller rotating in a clockwise

(Testimony of Hugo Klein.)

direction and the applicator roller in a counter-clockwise direction; the applicator roller dipping as it does into the trough containing the developing solution, carries up on its surface some of the defendant's developing solution. Im- [191] mediately to the right of the point of contact between the contact roller and the applicator roller it wets the under side of defendant's exposed paper with an excess of the defendant's developing solution; this excess is, however, immediately squeezed out as the print moves toward the left, the excess draining back contrary to the direction of rotation of the applicator roller into the trough. At the immediate point of contact between the contact roller and the applicator roller the developing solution is spread uniformly over the under surface of the defendant's exposed print. Immediately after the print has progressed to the left past the contact between the contact roller and the applicator roller it has carried with it substantially a quantity of developer necessary to effect complete development of the defendant's print. A slight excess of the developing solution is carried down by the applicator roll on its lefthand side after the print has been removed therefrom by the takeoff device. After the print has been removed by the take-off device it is shortly thereafter completely dried and completely developed, and requires no further treatment. It is then a complete finished Diepo Direcprint positive diazo type.

The COURT: "Q. What becomes of the solu-

(Testimony of Hugo Klein.)

tion that is taken off on the left side; does it fall into the trough at the bottom of the applicator?

“A. The take-off does not take off the solution, it takes off the print.

The COURT: “Q. But there is some solution dripping on the left of the applicator roller as the paper goes through the two rollers, is there not?

“A. Yes. That solution is carried back into the trough and mixed automatically by the motion of the applicator roller with the solution already in the trough. There is a continuous cycle of carrying up the developer and carrying it back. [192]

The COURT: “Q. So the solution is applied both in the trough and at this part, here?

“A. No, your Honor.

The COURT: “Q. What do you call this? You call this the feeding leaf, do you not?

“A. That is just a plain table.

The COURT: “Q. There is no solution there?

“A. No.

The COURT: “Q. The only solution is in the trough?

“A. Yes, in the trough; the roller is rotating in that trough and in so doing it carries up the developing solution, applies it to the bottom face of the print, and some of the solution drains back this way to the right and some of it drains to the left back into the trough and is re-used.

(Testimony of Hugo Klein.)

“Q. In your description of your analysis of defendant’s sensitized paper you testified that you had heated thiourea to 140 to 160 degrees Fahrenheit: Is that correct?

“A. The temperature is correct; I may have testified to that effect, but it should have been centigrade for the obvious reason that when I concentrated the extract here, and I am now referring to Plaintiffs’ Exhibit 29, I was very careful to see that the temperature should not exceed 105 degrees centigrade. Here, again, I made the same effect, and once again at this point I made the same effect. 105 degrees centigrade is approximately equivalent to 220 degrees Fahrenheit. So that obviously it would be foolish to say that there I heated to 140 to 160 degrees Fahrenheit when I had already done so here, and here, and here. So the proper answer should have been 140 to 160 degrees centigrade.

“Q. Did you, yourself, make Plaintiffs’ Exhibit 34?

“A. Yes, I made that myself.

“Q. Will you please compare defendant’s process for applying the developer by the device shown in the advertising folder, [193] Exhibit No. 36, with the BW process of patent 1,841,653, using Plaintiffs’ Exhibit No. 35.

“A. Referring to the fourth page of plaintiffs’ Exhibit No. 36, the right-hand diagram, you will see on Defendant’s diagram of his No-ink developing machine that in principle it is exactly the same

(Testimony of Hugo Klein.)

as plaintiff's machine. They both have a board on which the exposed paper is placed before it is developed. The plaintiff calls for a feeding table, the defendant calls for a feeding leaf. They each have a trough containing the developing solution. In the plaintiff's case it contains the plaintiff's BW developing solution; in the defendant's case it contains the defendant's Diepo developing solution. They each have an applicator roll rotating in that trough of solution shown both in Exhibit 36 and in Exhibit 35. They each have a contact device which the plaintiff calls contact discs and which the defendant calls contact roller, superimposed on the applicator roller. They each have a take-off device which is essentially similar both on Exhibit 35 and in the diagram Exhibit 36. In operation, the print is in each case placed on the feeding table or the feeding leaf, according to what it is called; the print is placed face-down on both of them and pushed forward on the feeding table or on the feeding leaf until it is grasped between the contact discs and the applicator roller in the case of Plaintiff's Exhibit 35, and between the contact roller and the applicator roller of plaintiff's Exhibit 36. In the case of the plaintiff's device the applicator roller carries up BW developing solution; in the case of the defendant's device the applicator roller carries up Diepo developing solution. In the case of the plaintiff's device at the moment the print is grasped between the contact disc and the applicator roller of Exhibit

(Testimony of Hugo Klein.)

35 it is wetted on its under side with BW developing solution. In the case of the de- [194] fendant's No-ink developer at the moment the Diepo print is grasped between the contact roller and the applicator roller it is wetted on its under side with a momentary excess of defendant's Diepo developing solution; the momentary excess of the BW developing solution which is applied in the plaintiff's device drains back in a direction opposite to the rotation of the applicator roller, and on the defendant's device the momentary excess of defendant's Diepo developing solution also drains back contrary to the direction of rotation of the applicator roller of the defendant's device. The plaintiff's device at the immediate point of contact between the contact discs and the applicator roller when the paper has reached that point the plaintiff's BW developing solution is spread uniformly over the under surface of the plaintiff's BW paper; in the defendant's device the defendant's Diepo Direcprint developing solution is similarly spread over and under side of defendant's Diepo paper. In the plaintiff's device, after the paper has passed the contact point of the contact discs and the applicator roller it has been wetted with substantially the proper quantity of the plaintiff's BW solution which is necessary to effect the complete development of the plaintiffs' BW print. Similarly, in the defendant's device, the paper immediately after passing the contact point between the contact roller and the appli-

(Testimony of Hugo Klein.)

cator roller of Exhibit No. 36 has been wetted with substantially the proper quantity of the defendant's Diepo developing solution required to effect complete development of the defendant's Diepo print. In both cases the prints, after having passed the contact point, are taken off by means of take-off devices which are relatively unimportant items of the machine, merely being there for the purpose of taking the print off after it has been developed. After the print has passed the take-off device in each case it takes merely several moments for it to [195] dry. In the plaintiffs' case the BW print is complete; in the defendant's case the Diepo print is complete. Neither of them require any further treatment.

“Q. In summary, would the operation of defendant's developing apparatus, when operated with defendant's paper and developer, be similar to or different from the operation of plaintiff's device with plaintiff's paper and developer?

“A. No; the operation of the two devices run exactly parallel, point for point.

“Q. Will you please state whether thiosulfate is not decomposable by alkali and, if so, explain your reasons for so stating.

“A. No, thiosulfates are not decomposable by alkali. My reason for so stating is that I have actually determined this point in my laboratory. I took sodium thiosulfate, which is the most common thiosulfate, and dissolved it in water and——

(Testimony of Hugo Klein.)

Mr. WHITE: If the Court please, I will stipulate that thiosulfate is not decomposable by alkali. I will stipulate to that.

Mr. HOFFMAN: Defendant has admitted that it has practiced a process, after receipt of notice of infringement, in which a sensitized paper and developer were used, the paper and developer being of the same chemical composition as the sensitized paper, Direcprint paper No. 500, and the developer therefor, sold by defendant to plaintiff on October 24, 1932. Defendant has further admitted that it has practiced the process for applying this developer to the exposed surface of a diazo-type print in the manner which we claim is within the second Van der Grinten patent in suit——

Mr. WHITE: Just a moment please, Mr. Hoffman. If the Court please, the way plaintiffs' counsel has presented that it would appear to the Court that defendant has stipulated to everything counsel says. The last portion of his statement, saying "in the manner which we claim is within the second Van der [196] Grinten patent in suit," that is not stipulated to.

The COURT: I understand that that portion is his own view.

Mr. WHITE: Yes, it is his view, not our stipulation.

Mr. HOFFMAN: I would therefore like to read the portion from the interrogatories propounded by plaintiffs and the defendant's answer thereto, Plain-

(Testimony of Hugo Klein.)

tiffs' Exhibit No. 6, being Interrogatory No. 7 and the answer to said interrogatory, which contains these admissions. If the Court prefers, I shall just call attention to this interrogatory and the answer to it, or I would prefer that the reporter would copy it into the record, so that the record will be complete.

The COURT: I want to know now what the interrogatory and the answer are.

Mr. HOFFMAN: It is Interrogatory No. 7.

The COURT: Perhaps I didn't understand you. Did you suggest that you give the substance of it, or that you will read the complete interrogatory and the answer?

Mr. HOFFMAN: Either I will read it into the record or else have the reporter copy the complete interrogatory and answer into the transcript.

The COURT: I want to know now what they are.

PLAINTIFFS' INTERROGATORY No. 7
AND DEFENDANT'S ANSWER ARE REPRODUCED
HERE BELOW BECAUSE THE COURT DIRECTED
THAT SUCH INTERROGATORY AND ANSWER BE
READ IN FULL AT THE TIME REFERENCE WAS
MADE THERETO.

"State whether after the receipt of the notice of infringement, dated September 16, 1932, you have practiced a process for making direct positive diazo type prints in which a sensitized paper and a de-

(Testimony of Hugo Klein.)

veloper was used the said paper and said developer being of the same or substantially the same chemical composition as the sensitized paper designated by the trade name 'Direcprint paper No. 500' and developer therefor, sold by [197] you to plaintiff on October 24, 1932. If so,

“(a) Describe in detail how such process was carried out.

“(b) Name the specific ingredients or chemical compounds contained in the sensitized layer of the sensitized paper used.

“(c) Name the specific ingredients or chemical compounds contained in the developer used.

“(d) Describe the specific manner in which the developer was applied to the exposed prints.”

The answer to interrogatory No. 7 is as follows:

“The defendant has, after the receipt of the notice of infringement dated September 16, 1932, practiced a process for making direct positive diazo-type prints in which a sensitized paper and a developer were used, the said paper and said developer being of the same or substantially the same chemical composition as the sensitized paper designated by the trade name 'Direcprint Paper No. 500' and the developer therefor, sold by defendant to plaintiff on October 24, 1932.

“(a) The process above referred to has been carried out with a number of different machines and, in general, consists of the following steps:

(Testimony of Hugo Klein.)

“Sensitized paper, designated by the trade name ‘Direcprint Paper No. 500’, which has been cut to required size in accordance with the tracing or drawing to be reproduced, is exposed to light under the transparent tracing or drawing and is in contact therewith for a predetermined period of time. The latent image impressed upon the sensitized paper as a result of the exposure to light is then developed out by passing the paper through a developer similar to that sold to plaintiffs on October 24, 1932.

“The developing step of the process originally was carried out by defendant, early in 1930, with a so-called ‘hand machine.’ This machine comprises a framework supporting a [198] trough in which the developer is contained and also supporting an idler roller partially immersed in the developer. The exposed sensitized paper is fed to the roller manually and passes through the developer to be gripped and pulled therefrom manually. The print is fully developed immediately and the print dries relatively rapidly.

“The above machine was discarded in a few months and in the late spring of 1930 defendant used a machine known commercially as the ‘Safir-developing Machine A.L.’ for the developing step of the process. The ‘Safir’ machine is, in general, similar to the so-called ‘hand-machine’ except that the roller is power driven and, further, take-off members are provided adjacent the roller for releasing the paper from the roller or, in other words, for pre-

(Testimony of Hugo Klein.)

venting the paper from adhering to the roller and repeatedly passing through the developer.

“Later, say in the late summer of 1930, the ‘Safir’ machine was discarded and defendant commenced and is still using a machine commercially known as the ‘Paragon Revolute No-Ink Printer.’ A pamphlet of the Paragon Revolute Corporation, in which this machine is illustrated, is annexed hereto and made a part hereof. As illustrated, the machine comprises a framework supporting a trough in which the developer is carried. An inverted container for supplying developer to the trough is mounted at one end of the framework. The machine also includes a power-driven applicator roller partially immersed in the trough together with a power-driven contact roller supported above the applicator roller. The paper is fed between the rollers and receives a film of the developer from the applicator roller as it passes through the two rollers.

“(b) Inasmuch as defendant is but a wholesale and retail dealer in and does not manufacture the sensitized layer of or [199] the sensitized paper used in the aforementioned process, defendant has insufficient knowledge to and cannot answer as to the matter inquired about in subdivision (b) of Interrogatory No. 7.

“(c) Inasmuch as defendant is but a wholesale and retail dealer in and does not manufacture the developer used in the aforementioned process, defendant has insufficient knowledge to and cannot

(Testimony of Hugo Klein.)

answer as to the matters inquired about in subdivision (c) of Interrogatory No. 7.

“(d) The specific manner in which the developer was applied to the exposed prints by the defendant is set forth in sub-paragraph (a), supra, of this Answer to plaintiffs’ Interrogatory No. 7.”

Mr. HOFFMAN: Now, your Honor, for the sake of the record, I would like to state that the exhibit referred to in this answer to Plaintiffs’ Interrogatory No. 7 is plaintiffs’ Exhibit No. 36.

Cross Examination.

“Q. Referring now to Plaintiffs’ Exhibit 29, the chart showing your analysis of defendant’s paper, will you state whether or not that chart indicates an analytical method of isolating thiourea?”

“A. Yes, it does.

“Q. That was your purpose in conducting that experiment?”

“A. Yes.

“Q. Now, referring to Plaintiffs’ Exhibit No. 32, the analysis of defendant’s developer, will you state whether or not that chart indicates an analytical method of indicating the presence of sodium thiosulfate in the substance or in the compound?”

“A. No, not a sodium thiosulfate, but of a thiosulfate.

“Q. Of a thiosulfate?”

“A. Yes. [200]

(Testimony of Hugo Klein.)

“Q. It merely shows the presence or existence of the thiosulfate compound?

“A. Yes.

“Q. I would like to have you refer to Plaintiffs’ Exhibits 30, 31, 33, and 34 which represent prints which have been testified to that you made.

“A. Yes.

“Q. Now, with specific reference to Plaintiffs’ Exhibit 30, will you please state whether or not the background of the print shown on this exhibit was of that color at the time you made this exhibit originally?

“A. You mean the color it is now?

“Q. The present color.

“A. No. Immediately after I made the print it was white.

“Q. Can you produce in court a sample of a print containing the substance thiourea showing a background different in color than the background which is shown in the print in this exhibit?

“A. I do not quite follow what you mean.

“Q. You stated just previously that the background of this print immediately after its development was white or a little lighter than it is.

“A. Yes.

“Q. Can you produce such a print in court?

“A. No, I cannot.

“Q. In other words, it is your testimony that immediately after this print is developed the background is whiter than it is now exhibited in this

(Testimony of Hugo Klein.)

print on this exhibit?

“A. Yes.

“Q. Then there has been a discoloration of this print, that is, discoloration of the background of this print?

“A. There has been a slight discoloration, yes.

“Q. And thiourea is present in it? [201]

“A. And thiourea is present in it.

“Q. Now, referring to Plaintiffs' Exhibit 31, on which is shown a specimen of a print made from a sensitized paper, and developer, in which there was no reducing agent used, either in the paper or developer, will you please state to the Court whether the background of the print shown in that exhibit was the same color as it now is immediately after it was made?

“A. No. Immediately after this print was made it was not the same color as it is now, the background.

“Q. The background, then, has discolored somewhat?

“A. Yes, it has.

“Q. In other words, in both cases the print exhibited in Plaintiffs' Exhibit 30 and the print exhibited in Plaintiffs' Exhibit 31 has a background which has discolored?

“A. Yes, but the exhibit containing the thiourea has discolored much less than the one which does not contain thiourea.

(Testimony of Hugo Klein.)

“Q. Now, referring to Plaintiffs’ Exhibit 33, showing a specimen of a print made with a sensitized paper and developer containing sodium thio-sulfate, will you please state to the Court whether the background of that print was of the same color as it is now, that background of the print which was of the same color immediately after it was made as it is now?

“A. Well, it is difficult to remember since April of this year, when these prints were made, exactly how the background looked after it was made, but I would say in this sample there is a very slight discoloration.

“Q. At all events, there has been a discoloration?

“A. Yes.

“Q. A reducing agent is present in that finished background, is it not?

“A. Yes.

“Q. Now, referring to Plaintiff’s Exhibit 34, in which you [202] show a specimen of a print with a sensitized layer containing a reducing agent, specifically thiourea, with a developer containing a reducing agent, specifically sodium thiosulfate, will you state to the Court whether or not the background of that print immediately after it was made was of the same color as now appears on that exhibit?

“A. Once again, in similar fashion to the answer to the previous question, I would say that in

(Testimony of Hugo Klein.)

the absence of a direct comparison there probably has been as light discoloration, but practically none at all.

“Q. But at all events there has been a slight discoloration of the background of the print, Plaintiffs’ Exhibit 34, even though we have present in the background two reducing agents, namely, thiourea and sodium thiosulfate?

“A. A very slight discoloration.

“Q. Now, with respect to these exhibits to which you have just referred, you stated that you made these on or about April 16, 1934, and they were kept in your desk.

“A. Yes.

“Q. Or in a file and brought out from time to time and laid on the desk?

“A. That is right.

“Q. Is it your testimony that that is the normal use of a diazo print?

“A. Well, there are always exceptions to any rule, but from my observation of the way people use these diazo type prints it would appear that that method of storage is at least a very close approximation to the normal method of storage.

“Q. Isn’t it a fact, Mr. Klein, that engineers, architects, surveyors, men out in the field, use these diazo direct prints right out in the field to refer to?

“A. They probably do. [203]

“Q. Then is it your testimony that the normal use of these diazo direct prints would be used in the field?

(Testimony of Hugo Klein.)

“A. No, that would be one method of common use.

“Q. In other words, one normal use would be what you might say was the storage where they would be kept in a desk, or drawer to be referred to by clerks in the office?

“A. Yes.

“Q. And another normal use would be a use out in the field?

“A. Yes.

“Q. Where they are exposed to sunlight.

“A. Yes.

“Q. Have you ever made a comparison between a diazo direct print which was kept in a desk or in an office on a desk and a print that was used in the field by a surveyor, for example a bridge contractor?

“A. Yes, I have.

“Q. What is your conclusion with respect to the discoloration of the background of the diazo direct print that has had those two types of use; in other words, one made to keep in the office, one copy, an office copy, and the second copy has been taken out in the field and used?

“A. Obviously, when a print is taken out of the files in the office and taken out in the field it is subject to much more reaction of the atmosphere than is the case with the print which is filed in the office, and as the oxidation action is the one that causes the discoloration the print which had been out in the

(Testimony of Hugo Klein.)

field and exposed to air for a comparatively long time as compared with a print on file will show more discoloration than the print that has been kept in the office on file.

“Q. But at any rate the prints which are used in the field are used under normal conditions, are they not? [204]

“A. No. I think of the BW prints that we make, a very small percentage of them are used out in the field that way.

“Q. In your direct examination, Mr. Klein, you testified that you made an analysis of the defendant's developer.

“A. I did.

“Q. When was this analysis made?

“A. As nearly as I can remember—of course, I did not make the whole examination at one time.

“Q. No, I appreciate that, but approximately when did you make that examination.

“A. In November, 1932, I will say:

“Q. Have you made any other analysis of that developer?

“A. Yes, I have.

“Q. During what period of time?

“A. Subsequent to November, 1932.

“Q. Was the analysis that you made subsequent to 1932 an analysis of the same developer, or part of the same developer which was in the container forwarded to you from your Los Angeles office?

“A. Yes.

(Testimony of Hugo Klein.)

“Q. So you don’t know today whether one month before this trial, or even six months, or even a year and a half before the commencement of this trial, the defendant’s developer contained any reducing agent of any character, did you, and you cannot testify to that?

“A. No, I don’t know that.

“Q. And the same testimony is true with respect to the defendant’s paper, is it not?

Mr. HOFFMAN: Your Honor, I object to this line of questioning, because as to what has been done since the suit was started is immaterial and irrelevant.

The COURT: Overruled; an exception. [205]

“A. By the same you mean that I have made no analysis of any samples later than what I received on November 1, 1932?

“Q. That is what I mean.

“A. That is true.

The COURT: That is the effect of the direct testimony, the sample from which these tests were made was brought in October, 1932.

“A. Yes, and I received it on November 1, 1932.

The COURT: “Q. The inference from that testimony is that you purchased no other samples of the defendant’s paper or developer.

“A. Yes.

“Q. Now, I would like to go back to the first patent in suit for just a moment, with particular

(Testimony of Hugo Klein.)

reference to Claim 7, Claim 8, Claim 16, and Claim 25; Claim 7, being at the bottom of page 5 of the patent, recites a process the first step of which is applying a diazo compound to a base; is it your testimony that the defendant company applies a diazo compound to a layer or a base?

“A. That I cannot say, because I have not access to the defendant’s factory. The paper that I received on November 1, 1932, had a light-sensitive layer.

“Q. Yes, we have stipulated to that. The first step of the process defined in Claim 8 is similar to the first step of the process defined in Claim 7, because it incorporates it in Claim 8: Is that not correct?

“A. Yes.

“Q. The first step of the process defined in Claim 16 is similar to the first step of the process defined in Claim 7?

“A. Yes.

“Q. Likewise, the first step of the process in Claim 25 is exactly the same as the first step recited in Claim 7: Is that not true? [206]

“A. In each case you are specifying the portion that reads ‘which comprises applying to a base a layer containing diazo compound,’ etc?

“Q. Yes, that is what I am referring to.

“A. Yes.

“Q. In other words, it is your testimony that in each of these claims that first step to which you have just referred is in the same words?

(Testimony of Hugo Klein.)

“A. Yes.

“Q. And as you have previously stated, you do not know whether the defendant company practices that first step of the process defined in those claims?

“A. No, I do not.

“Q. At what date or period did you bring out the new BW machine which is illustrated in Plaintiffs' Exhibit No. 35?

“A. I cannot say, because ever since we first began to market the BW process, the BW paper, the BW developer, and the BW developing machine we have been making improvements, not only on the paper and the developer, but on the machine. There is no clear-cut line of definition as between these machines; we would add the improvements as we brought them out.

“Q. Does it make any difference, in your opinion, whether or not a developer containing merely one ingredient, say an azo dye component, or whether that developing liquid would contain, say, three ingredients, for instance, azodyestuff component, a reducing agent, and a non-volatile alkaline, my question is would it make any difference in the actual application of that developing liquid to the surface of a diazo-sensitive layer in so far as the operation of the machine is concerned which is exhibited in Plaintiffs' Exhibit No. 35?

“A. You mean in the actual mechanical operation of the machine, do you? [207]

(Testimony of Hugo Klein.)

“Q. Does it make any difference what the composition of the developing liquid is in so far as the actual operation of the machine is concerned?

“A. No, it does not.

“Q. In other words, that machine will place a thin film of practically any type of a developer on a diazo sensitive layer, will it not?

“A. Yes, it will.

Redirect Examination

Mr. HOFFMAN: “Q. In your cross-examination, Mr. Klein, you stated that one of the known conditions of storage was having prints out in the field and exposed to the sun.

“A. Yes.

“Q. Is that the usual situation, that these prints are used under?

“A. No, I would say that is the exception rather than the normal way of using these prints.

“Q. So that that is an abnormal condition?

“A. Yes.

“Q. Under the most favorable circumstances after the prints are made, say for instance, prints are made and are kept either on a desk or in a desk drawer, or in a filing cabinet, and you take them out periodically in the manner you previously have testified about, would these diazo-type prints show any discoloration whatsoever after an extended period of time?

“A. They would show practically no discoloration.

(Testimony of Hugo Klein.)

“Q. Would it be slight?

“A. Very slight.

“Q. So, in other words, diazo-type prints that had this reducing agent in the background do show very little discoloration after they have been made and stored for extended [208] periods?

“A. Yes, they do.

“Q. If you make diazo-type prints that do not have thiourea or thiosulfate, or any reducing agent of that type that prevents discoloration, do they show any discoloration after they have been made for several months under normal conditions of storage?

“A. They show a very marked discoloration in the background.

“Q. Then positive prints that have been made in which there is a reducing agent in the background of the finished print show very little, or practically a very slight discoloration after a long-extended period of storage: Is that correct?

“A. That is true.

“Q. Then the diazo-type prints that have this reducing agent in the background, like thiourea or thiosulfate, show a marked improvement over the others that have no reducing agent?

Mr. WHITE: I object to the question your Honor, just in one slight respect, counsel has used the words “these reducing agents like thiourea”—sort of planting in the witness’ mind that thiourea is a reducing agent.

(Testimony of Hugo Klein.)

The COURT: Objection overruled; exception.

“A. Yes, they show a marked improvement.

“Q. With regard to applying the sensitive layer to the paper, is this layer built into the paper, or is it just put on top of the paper, or how is that done?

“A. It is applied to the top of the base paper.

“Q. Then in other words, somebody has to put it on there?

“A. Certainly.

Recross Examination

“Q. But you do not know whether the defendant applies a diazo sensitive layer to a base, do you?

[209]

“A. I could hardly be expected to know that.

“Q. Mr. Klein, will you please refer to the first patent in suit, page 2, lines 56 to 61 inclusive, and read that statement to the Court?

“A. ‘The invention is based on the observation that the discoloration of the background in all kinds of diazo-type processes can be prevented even for extended periods if a reducing agent is added to the sensitive layer, or during or after development of the picture.’”

“Q. You have previously testified that diazo-type prints made with substances like thiourea and sodium thiosulfate in the background show a discoloration.

“A. They show a very slight discoloration.

(Testimony of Hugo Klein.)

“Q. The discoloration is not prevented then, is it?

“A. No; it is prevented for a certain period.

“Q. What would you say would be an extended period of time?

“A. That depends upon the conditions of storage, the number of times the print is exposed to the atmosphere, etc. There is nothing definite about that; it is an indefinite period.

“Q. Is it not a fact that the diazo-type print was brought onto the market in the United States to be used parallel with the blueprints which we have been making in this country for many years?

Mr. HOFFMAN: I object to this line of questions, your Honor, because we did not touch on blueprints at all in the direct examination of this witness.

The COURT: Objection overruled; exception.

“A. May I ask you what you mean when you say ‘parallel’?

“Q. In the same type of work. Blueprints are used in the construction game, they are used out in the field by engineers, surveyors, and the like, are they not?

“A. Yes. My answer to that question would be this, that [210] blueprints have their field and diazo-type prints have their field; the two fields of use coincide in some respects. There are certain uses that blueprints serve preeminently and there are other uses that diazo-type prints serve preeminently.

(Testimony of Hugo Klein.)

“Q. An engineer on a bridge job, for instance, at the Golden Gate Bridge, or at the Oakland Bay Bridge, would take the diazo-type print along with him to the job and would have it exposed to the sunlight in referring to it, would he not?

“A. Yes, if he took a diazo-type print with him he would expose it to the light.

“Q. Just the same as the blueprint would be exposed to the light.

“A. Yes.

“Q. They are used practically in the same way, are they not?

“A. I answered that question before. [211]

TESTIMONY OF ARTHUR LAZAR FOR DEFENDANT.

Arthur Lazar, called as a witness on behalf of defendant, being duly sworn testified as follows:

Direct Examination

My name is ARTHUR LAZAR. I am 45 years old; and reside at Concord, California. I am research chemist, having had altogether 37 years' experience counting my school days and college years.

I attended the University of Berlin for six years, and obtained my chemical degree and Ph. D. from that university in 1912. From 1912 up to April,

(Testimony of Arthur Lazar.)

1914, I was assistant to Professor Emil Fisher in chemistry at the University of Berlin. After that time I entered industry in Germany as a research chemist. In 1927 I came over to this country and have been active since as a research chemist.

Since about April, 1933, I became interested with the manufacture of diazo types. I have studied and have familiarized myself with the contents of the two patents in suit.

“Q. I now hand you Defendant’s Exhibit C, being United States patent No. 1,444,469, issued to Kogel, and ask you state to the Court whether or not you have studied this patent and are familiar with the subject-matter contained therein.

“A. Yes, I have.

“Q. Do you find anywhere in that patent a substance which is a reducing agent?

“A. Yes. I see in Example 3 on page 2 there is mentioned 20 parts by weight 1-diazo-2-oxynaphthalene-4-sulphonic acid and 5 parts by weight tartaric acid are dissolved, etc.

“Q. What is the substance that is a reducing agent in that example? [212]

“A. Tartaric acid.

Mr. HOFFMAN: Your Honor, I object to this. The patent they are testifying about is exactly the duplicate of British patent No. 210,862, Plaintiffs’ Exhibit 20. You will recall that during our direct examination we discussed this British patent at length; during the cross-examination this patent was

(Testimony of Arthur Lazar.)

gone into at extreme length. If I may refer to the British patent and this patent that he is now referring to I can show that the examples are identical and the subject-matter is identical. This patent is exactly the duplicate of it. This would be merely taking up the Court's time and duplicating testimony which has already been had in respect to this.

Mr. WHITE: I have only three or four more questions to ask on it, your Honor.

The COURT: Objection overruled; exception.

"Q. On page 1 of this patent, at line 78, it is stated, is it not 'To obtain still greater stability of the light-sensitive layer small additions of acid such as tartaric or citric acid are made.'

"A. Yes, it is.

"Q. Assuming that you made a diazo sensitive layer containing citric acid, one of the substances named by Kogel, and you develop that layer with sodium carbonate, a non-volatile alkali, will you please tell the Court whether or not a reducing agent would be present in the finished print made from such development, and if so, please state what the reducing agent was.

"A. Yes, there would be sodium citrate left in the finished print.

"Q. I now hand you a copy of the second patent in suit, No. 1,841,653, and ask you to refer to Example 2 stated on page 3, lines 38 to 54 inclusive, and referring specifically to lines 50 to 54, inclusive, of that example, tell the Court [213]

(Testimony of Arthur Lazar.)

whether or not a reducing agent is mentioned in that example.

“A. The patent states here: ‘An entirely black picture is obtained, which is very stable against any tendency to become yellow, which would not be the case without the reducing means (citrate, hyposulphite and glucose).’

“Q. The patentee is referring, is he not, to sodium citrate just above that portion which you have just read?

“A. Yes, he says on line 47, ‘10% of sodium citrate.’

“Q. Sodium citrate is a reducing agent, is it not?

“A. Yes, it is.

“Q. I now hand you a copy of the Gronau patent, Defendant’s Exhibit D, and ask you to tell the Court what is disclosed in that patent.

“A. The patent claims cover a process for developing light-sensitive layers characterized by the fact that the paper to be developed is guided along a belt moistened with breath-thin layer of the developer liquid and moving upon a common carrier.

In claim 2 it covers the equipment to carry out said process.

“Q. In your opinion Doctor, would the apparatus which is disclosed in the Gronau patent, Defendant’s Exhibit D, function to impress a thin film of a developer upon a diazo sensitive layer?

“A. Yes, it could.

(Testimony of Arthur Lazar.)

“Q. In other words Doctor, the Gronau disclosure is for an apparatus for impressing a breath-like or thin film of a developer upon a diazo layer: Is that not right?

“A. Yes, that is correct.

“Q. I now hand you a copy of the second patent in suit, and ask you to refer to and read to the Court claim 1 of that patent.

“A. Claim 1 reads as follows: ‘The process for developing direct [214] positive diazo prints which consists in impressing upon the surface to be developed an alkaline liquid containing an azo-dye-stuff component and a reducing agent non-decomposable by alkali, in the form of a uniformly thin film.’

“Q. Is it your opinion that the apparatus which is described in the Gronau patent could impress a thin film of developer of the character specified in this claim to which you have just referred and read?

“A. Yes, I believe so, because it is stated in the claim that a thin film is applied.

“Q. And the only distinction between the recital of the claim 1 of the second patent and the Gronau disclosure is, is it not, that Gronau does not specify the ingredients of his developer liquid: Is that not correct?

“A. Yes, it is.

“Q. But in the United States Letters Patent to Kogel which you have in your hand, Defendant’s

(Testimony of Arthur Lazar.)

Exhibit C, there is disclosed is there not, a developing liquid containing a non-volatile alkali, together with an azodyestuff component?

“A. Yes, there is.

“Q. Will you read to the Court that portion of the Kogel patent wherein that disclosure is made, and specify the page and line number, if you will, please.

“A. In example 9 there is specified that the development may also be effected on a bath containing 2.5 parts by weight resorcinol and 5 parts by weight of cupric sulphate dissolved in 80 parts water. That is on page 8, lines 59 to 65. On page 2 in Example 2, lines 122 to 126, it is said:

“The diazo paper can also be immediately treated before use with alkali. After the exposure the picture is washed in diluted sodium hydrate solution.”

“Q. What is the reducing agent that is specified in the Kogel [215] patent?

“A. Tartaric acid.

“Q. Would it make any difference, in so far as the presence of that reducing agent in the finished print whether or not the tartaric acid were included in the diazo layer, or whether it were included in the development?

“A. It would make no difference. The salt of tartaric acid is present in the finished print, regardless of whether it was applied before or after the development.

“Q. You just testified, did you not, that the Kogel patent discloses a developer containing an azodyestuff component?

(Testimony of Arthur Lazar.)

“A. It does.

“Q. Now Doctor, having in mind the fact that diazo types made in accordance with the Kogel disclosure and using citric acid in the developer as well as azodyestuff component, and also having in mind the disclosure of the Gronau patent, do you feel that it would be possible to impress a thin film containing an alkali, an azodyestuff component, and a reducing agent non-decomposable by alkali, such as citric acid, on a diazo layer with the Gronau apparatus?

“A. Yes, I think that is possible.

“Q. With respect to all of the claims of the second patent, regardless of the composition of the developer, Gronau's apparatus functions to impress a thin film of any type of developer upon a diazo layer, does it not?

“A. Yes, it does.

“Q. Doctor, is the substance known as thiourea present in the developer sold by the defendant company?

“A. Yes, it is.

“Q. Is thiourea a reducing agent?

“A. No, it is not a reducing agent.

“Q. I now hand you Plaintiffs' Exhibit No. 11, being the [216] original German script and the translation thereof of the article of C. Rathke, published in Volume 1 of the January to June 1884 *Berichte*, covering pages 297 to 309, and ask you to what that paper relates.

(Testimony of Arthur Lazar.)

“A. This paper describes certain components formed by the inter-action of thiourea with metal salts.

“Q. Have you read and studied that paper, Doctor?

“A. Yes, I have.

“Q. As a matter of fact, you translated the German into the English did you not?

“A. Yes I did.

“Q. Are the words ‘reducing agent’ or ‘reduction’ mentioned at any place in that paper?

“A. No, they are not mentioned.

“Q. Is thiourea defined as a reducing agent in that paper?

“A. No, it is not.

“Q. You have been in Court during the direct and cross-examination of Dr. Van der Grinten, have you not?

“A. Yes, I have.

“Q. Do you recall that during Doctor Van der Grinten’s testimony he said that when a reducing agent performed its function the reducing agent, itself, undergoes oxidation?

“A. Yes, I remember that.

“Q. By reading Rathke’s article do you find any evidence that oxidation products of thiourea are formed and found among the reacted products obtained by reacting thiourea with the metal salts?

“A. No, I cannot find any evidence of that.

“Q. Will you please state what reaction products are formed according to Rathke when cupric salts and thiourea are brought together?

(Testimony of Arthur Lazar.)

“A. According to Rathke there is formed a white precipitate which [217] he, himself, states on page 1 of his treatise are complex compounds of thiourea with the metal, in which the metal has entered the thiourea complex; he says on the first page of his treatise that the subject-matter of this paper relates to some combinations of thiourea with inorganic salts which are of particular interest because from them it may be shown that they do no longer contain this salt as such, but that the metal has entered the urea complex and that the latter one then has combined with the acid.

“Q. You have previously testified, have you not Doctor, that no oxidation products are formed or found among the reaction when thiourea is reacted with the cupric salts, according to Rathke’s publication?

“A. According to Rathke’s own statement of what the reaction compound constitutes, there is no evidence found that there are oxidation products of thiourea.

“Q. Does Rathke mention in his article on metal salts and reaction between thiourea other metal salts besides cupric salts?

“A. Yes, he refers to other metal salts, for instance silver salt, and mercury.

“Q. Where do you find any reference to those salts?

“A. On pages 8 and 9.

(Testimony of Arthur Lazar.)

“Q. Doctor Lazar you previously testified, did you not, that no oxidation products are formed or found among the reaction products obtained when thiourea is reacted with cupric salts.

“A. Yes, I did.

“Q. Has Rathke mentioned in his article on metal compounds the reaction between thiourea and other metal salts besides the reaction with cupric salts?

“A. Yes, he speaks of the reaction with silver salts and mercury salts.

“Q. I hand you Plaintiffs’ Exhibit 10, which is the article we [218] are now discussing, and ask you to point to that portion of the article which refers to mercury salts, and also to what Rathke says about the reaction between thiourea and mercury salts.

“A. At the bottom of page 8 he says: “However, it might now be argued that the cuprous salts perhaps would react alkaline if it were at all possible to bring them in solution. However, I have convinced myself that also the compounds of the thiourea with the salts of several other heavy metals react strongly alkaline, for instance, those with silver chloride and even those with mercuric chloride, which in itself however, reacts acid.” In the footnote following this he makes the statement: “In view of the copper compounds, it is probably not superfluous to emphasize explicitly that the above—meaning the mercury compounds—actually

(Testimony of Arthur Lazar.)

contains mercuric chloride and by no means mercurous chloride.”

“Q. In other words, that portion of the paper which you have just read means that Rathke’s analysis of thiourea mercury compound reveals that the relation between mercury and chlorine in the newly formed complex compound is the same as in the original used mercuric chloride, and there is no decrease in the non-metallic part of the mercuric salt; is that correct?

“A. Yes, it is.

“Q. Is there any place in that paper wherein Rathke emphasizes that cuprous chloride is no longer present in the newly formed compound when thiourea is reacted with cupric salt?

“A. Yes, there is. He gives a number of reasons. I would like to read his summarizing statement in that respect.

“Q. What page is that on?

“A. That is on page 9, under point 3; he says in the middle of the page: “This points to at least a strong relation of the urea to the cuprous chloride which is to be formed, whereas the usual double salts”—I beg your pardon, that is not the [219] one I wished to refer to.

“Q. Please read the last sentence under point 4.

“A. “Also, this seems to me to point to the fact that the cuprous chloride is, as such, here no longer really present.”

“Q. Does that statement in effect mean that a reduction of cupric chloride to cuprous chloride

(Testimony of Arthur Lazar.)

cannot be involved in the reaction between thiourea and cupric chloride which is the subject-matter of the Rathke publication?

“A. Yes, it does.

“Q. Is it your conclusion from a careful and considered study of Rathke’s publication that there is no proof to be found in Rathke’s paper that thiourea is a reducing agent?

“A. No, it is not to be found.

“Q. Now will you refer to Plaintiffs’ Exhibit 12, which is a chart setting out the formula of thiourea. That formula is correct, is it not?

“A. Yes, it is.

“Q. Thiourea is also known as thiocarbamide, is it not?

“A. Yes, it is.

“Q. Are you familiar with the formula of carbamide?

“A. Yes.

“Q. How would it look if you set it out on that chart—is it just a simple change?

“A. Carbamide is very closely related to thiocarbamide in as far as it contains an oxygen atom, whilst the thiourea contains a sulfur atom, as indicated by symbol S. S indicates sulfur. It would be an O if it were ordinary urea or ordinary carbamide.

“Q. In other words, carbamide means the same thing as urea, and thiocarbamide the same as thiourea?

“A. Yes.

(Testimony of Arthur Lazar.)

“Q. Do you recall the testimony of Doctor Van der Grinten a couple of days ago on cross-examination when I asked him whether [220] carbamide or urea was a reducing agent?

“A. Yes, I do.

“Q. What did he say in that respect?

“A. As I remember it, he said carbamide was a reducing agent.

“Q. Do you know of any simple test that you could lay before the Court just briefly proving that carbamide or urea is not a reducing agent?

“A. Yes, I could refer to the same test which is brought forth by the plaintiff here to explain reducing action namely, a test between cupric salts and a reducing agent. For instance, in a biological laboratory such a test is conducted every day when urine is tested for glucose, which is a true reducing agent. The chemist who makes the test will use alkaline cupric salts solution and glucose will reduce this alkaline cupric salts solution to cuprous oxide. On the other hand, everyone knows that urea is present in urine, whether the urine is that of a diabetic or of a healthy person. If urea was a reducing agent it would have to interfere with this reaction for glucose, but since this reaction is a well known and well recognized test urea cannot be a reducing agent.

“Q. You have previously testified, have you not, Doctor, that you translated the deposition of Doctor Loevenich, which is in evidence here?

“A. Yes, I did.

(Testimony of Arthur Lazar.)

“Q. And naturally, since you made that translation, you are thoroughly familiar with that deposition are you not?

“A. Yes, I am.

“Q. Do you agree with the statements made therein by Doctor Loevenich, especially wherein he states that thiourea is not a reducing agent?

“A. I remember that statement.

“Q. Do you agree with that statement? [221]

“A. Yes I agree with it.

“Q. Now, returning to the first patent in suit, and with particular reference to claim 1, page 5 of the patent, will you please tell the Court how you would practice the process of that claim?

“A. In order to practice the first claim of this patent I would have to experiment in order to find out which reducing agent would be capable of arresting under normal conditions the discoloration of the components forming the background of the print.

“Q. You would not practice that process unless you obtained that result, that is, a background in a diazo print that did not discolor?

“A. I would not.

“Q. Doctor, that claim specifies a reducing agent, does it not?

“A. Yes.

“Q. Capable of arresting discoloration?

“A. Yes.

(Testimony of Arthur Lazar.)

“Q. Will you kindly tell the Court what type of reducing agents are mentioned in the specifications of this patent, what type or types?

“A. In the specifications of this patent, on page 2, line 56, commencing “The invention is based on the observation that the discoloration of the background in all kinds of diazo type processes can be prevented even for extended periods if a reducing agent is added to the sensitive layer or during or after development of the picture.”

“Q. What is the next sentence?

“A. Preferred reducing agents are organic substances such as aldehydes, amino compounds, aliphatic amido compounds, polyoxy compounds, or the like.”

“Q. Have you read the examples in the patent on pages 4 and 5? [222]

“A. Yes, I have.

“Q. What specific classes or types of reducing agents do the substances set forth in the examples fall within, that is, formaldehyde, what type of reducing agent is that?

“A. All of these reducing agents named in the examples are organic reducing agents.

“Q. Do you find any place in that specification any substance which would fall in the class of an inorganic reducing agent?

“A. No, I do not.

“Q. Is there anything common at all between organic reducing agents and inorganic reducing

(Testimony of Arthur Lazar.)

agents that would lead you to believe that if you had no formaldehyde say, for example, in your laboratory, that you would substitute for formaldehyde in example 1 an inorganic reducing agent and expect to obtain a diazo print with a background that did not discolor?

“A. No. Organic and inorganic compounds are two entirely different things, and it would not occur to me, if an organic reducing agent were so specified.

“Q. There is nothing common between the two, organic and inorganic reducing agents?

“A. No.

“Q. I now hand you defendant's Exhibit B, constituting the file wrapper of letters patent to H. D. Murray, No. 1,753,059, issued by the United States Patent Office on April 1, 1930, and refer you to page 5 of this file wrapper, and ask you to read to the Court Claim 1.

Mr. HOFFMAN: Your Honor, I object to that question, that is irrelevant and immaterial in this connection.

The COURT: Overruled; an exception.

“A. Claim 1 of this patent reads as follows:

“A process of developing diazo types which comprises treating the latter with a developing solution containing an inor- [223] ganic reducing agent.”

The COURT: What is the date of that?

Mr. WHITE: The date of the patent is April 1, 1930; it was issued or matured on an application

(Testimony of Arthur Lazar.)

which was filed in the United States on September 14, 1929, and in Great Britain July 14, 1928, and this was the patent, I believe, which resulted in the disclaimer by the plaintiff of claims 7 and 9 of the second patent.

Mr. HOFFMAN: You are not exactly sure about that, it is only a supposition on your part?

Mr. WHITE: I would also like you to refer to page 2 of the file wrapper and read the paragraph just before the last paragraph, commencing, "According to the present invention."

"A. 'According to the present invention, the aforesaid color deterioration is retarded or rendered practically negligible by treatment of the diazo type paper or the like with an inorganic reducing agent.'

"Q. I would like to have you refer again to Defendant's Exhibit B, and particularly to the Patent Office letter of March 5, 1930, and ask you whether or not any patents to Van der Grinten were cited by the Patent Office.

"A. Yes. There were two patents of Van der Grinten cited against this one, the first one was Australian patent 8112 of 1927, and the second one is the Swiss patent, 130,917 of March 16, 1929.

Mr. WHITE: The Patent Office, as appears by the record, itself, issued a patent over these cited references.

Now, I would like to offer in evidence at this time United States Letters Patent No. 1,803,906, issued on May 5, 1931, to Kalle & Company, of Germany,

(Testimony of Arthur Lazar.)

on an application filed by William Krieger and Rudolph Zahn. The patent on its face shows that the original application was filed in Germany on February 16, 1928, and I ask that it be marked Defendant's Exhibit next in order. [224]

(The patent was marked "Defendant's Exhibit E.")

"Q. Doctor Lazar, I now hand you this Exhibit E, being the patent which I have just offered in evidence, and ask you whether or not you have read that patent.

"A. Yes, I have.

"Q. Briefly, what does that patent refer to?

"A. It refers to a diazo type stabilized with a derivative of thiocarbonic acid to process the paper with.

"Q. You will note, Doctor, that this patent states at the top thereof 'Application filed in Germany February 16, 1928,' and have you compared that copy of the patent with the file wrapper of the German patent No. 526,370, Defendant's Exhibit A?

"A. Yes, I have.

Mr. HOFFMAN: Your Honor, I object to that. That patent was stricken out on a motion to strike. You recall we brought a motion to strike and that patent is No. 1,803,906, and there was a decision rendered by this Court under date of——

Mr. WHITE: If your Honor please, in connection with that motion to strike, that motion to strike was with respect to prior art patents. I am

(Testimony of Arthur Lazar.)

introducing this patent, and this testimony, to show the Court that the United States Patent was granted on an invention similar to the one which was filed in Germany, and which the Van der Grintens have opposed. I am only introducing that to show that they obtained the patent in the United States later. It was later filed in the United States and later issued, and we are showing that it was pending during the United States application of the Van der Grintens, and for no other purpose.

The COURT: Motion denied.

“Q. Are the two applications substantially identical?

“A. Yes.

“Q. Will you please state for the purpose of the record when [225] this application was filed and when it issued?

“A. The application was filed February 6, 1929.

“Q. And the patent issued when?

“A. It was issued May 5, 1931.

“Q. Doctor Lazar, will you please refer to the printed copy of the Murray patent which is attached to Exhibit B and state whether or not in the example given on page 2 of that patent the substance sodium thiosulfate is mentioned.

“A. Yes, it is.

“Q. And that is an inorganic reducing agent?

“A. Yes, it is.

“Q. Now, with reference to Claim 1 of the first patent in suit. No. 1,821,281, and with particular

(Testimony of Arthur Lazar.)

reference also to Exhibit C, the patent to Kogel, United States patent 1,444,469, will you please state whether or not, if citric acid were contained in the diazo layer of the Kogel disclosure and that was developed with sodium carbonate, whether or not sodium citrate would remain in the finished print.

“A. Yes, it would.

“Q. And sodium citrate is a reducing agent, is it not?

“A. Yes, it is.

“Q. You have previously testified, have you not Doctor, that in example 2 of the second patent in suit, 1,841,653, the patentee or the inventor disclose the use of sodium citrate in order to arrest the discoloration of the background of the finished print, have you not?

“A. Yes, I have.

“Q. With specific reference to claim 3 of the first patent in suit, 1,821,281, will you please tell the Court whether or not the defendant company is practicing the process as defined in that claim?

“A. No, the defendant does not practice that process. [226]

“Q. Is it your testimony that the defendant does not practice the process of that claim because neither the defendant's paper nor the defendant's developer contain a reducing aliphatic compound?

“A. Yes.

“Q. Now, with reference to claim 4 of this patent in suit, wherein the claim defines a reducing amino compound capable of arresting under normal conditions the discoloration of the components

(Testimony of Arthur Lazar.)

formed on the background of said print, is it your testimony that the defendant is not practicing that process?

“A. Yes, it is.

“Q. Why do you so testify in that regard?

“A. Because there is no reducing agent in defendant’s paper or developer.

“Q. And there is, specifically, no reducing amino compound?

“A. No there is not.

“Q. With reference to claim 7 of this first patent, 1,821,281, will you please read to the Court the first step of that claim?

“A. ‘The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light.’

“Q. In so far as you know Doctor, does the defendant practice the first step of that claim?

“A. No, it does not.

“Q. In other words, the defendant does not, in the first instance, manufacture a diazo compound?

“A. No, they do not.

“Q. And in the second instance they do not apply a diazo compound to a base?

“A. No.

“Q. With reference to claim 8 in the first patent, 1,821,281——

Mr. HOFFMAN: Just a moment. I object your Honor, because no [227] foundation has been laid by the witness showing that he knows anything about the defendant’s business.

(Testimony of Arthur Lazar.)

The COURT: Objection overruled; exception.

“Q. With reference to claim 8 of the first patent in suit 1,821,281, the first step of claim 7 is incorporated in that claim 8 by reference, is it not?

“A. Yes, it is.

“Q. And your testimony with respect to whether or not the defendant is practicing the first step of that claim 8 is the same, is it not, as you have stated with reference to claim 7?

“A. Yes, it is.

“Q. And similarly, with respect to claim 16 in suit, in patent 1,821,281, the first step of that claim is similar, is it not, to the first step of claim 7?

“A. Yes it says the same.

“Q. And you have previously testified that the defendant does not apply its diazo compound to a base?

“A. Yes, I have.

“Q. Now with reference to claim 25 of that same patent in suit, is the first step of that claim similar to the first step of claim 7?

“A. Yes, it is.

“Q. Is the defendant practicing the first step of claim 25?

“A. No.

“Q. Why?

“A. Because the defendants do not apply to a base a layer containing a diazo compound bleaching on exposure to light.

“Q. Will you please refer to claim 40 of this first

(Testimony of Arthur Lazar.)

patent, No. 1,821,281, and state to the Court what element of the product is defined in that claim.

“A. The claim covers as a new product a base having a sensitive layer thereon containing a diazo compound bleaching upon exposure [228] to light, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of the finished print.

“Q. How would you manufacture a product of that character?

“A. In order to manufacture such a product I would have to experiment with a great number of reducing agents, in order to find out which agent would do the particular job claimed in this claim.

“Q. In other words, if you obtain a product or a diazo print having a background which did not discolor under normal conditions by using a diazo layer and some certain reducing agent that you might have found, then you would have practiced or have manufactured a product of the character defined in that claim: Is that correct?

“A. That is correct.

“Q. The specification of this patent refers to what type of reducing agent, Doctor?

“A. To organic reducing agent.

“Q. The examples in the specification names what type of reducing agent?

“A. They also name organic reducing agents.

“Q. Are there inorganic reducing agents mentioned in this application or these specifications?

(Testimony of Arthur Lazar.)

“A. I have not found any.

“Q. Does the defendant company, in your opinion, manufacture a product of the character defined in claim 40?

“A. No, it does not.

“Q. Why?

“A. Because they do not apply any diazo compound on the paper, they do not manufacture any paper of that kind.

“Q. Assume that the defendant company did manufacture or sell diazo layers, does the defendant company include a reducing [229] agent in the paper or layer?

“A. No.

“Q. Is your answer no?

“A. No.

“Q. With reference to claim 41 of this patent, the diazo sensitive layer is incorporated in that claim by reference, is it not?

“A. Yes.

“Q. Does the defendant company manufacture a diazo sensitive layer including a reducing amino compound?

“A. No, they do not.

“Q. Referring you now to the second patent in suit, 1,841,653, I will ask you to refer to claim 1 and tell the Court whether or not the defendant company is practicing the process defined in that claim and, if not, why not?

“A. The defendant does not practice the process as defined in that claim because there is no re-

(Testimony of Arthur Lazar.)

ducing agent non-decomposable by alkali in their developer.

“Q. Is a sodium citrate a reducing agent non-decomposable by alkali?

“A. Yes, it is.

“Q. You have previously testified have you not, that the United States patent to Kogel, No. 1,444,-469 if made with a layer containing citrate acid and developed with sodium carbonate, would contain sodium citrate in the finished print, did you not?

“A. Yes, I did.

“Q. I now hand you Defendant's Exhibit D, namely the German patent to Gronau No. 426,570, together with the translation thereof, and ask you whether or not the apparatus disclosed in the drawing of that patent is capable of practicing the process or performing the process of claim 1 of the second patent in suit?

“A. Yes, this apparatus is capable of performing this process. [230]

“Q. Will you please show that drawing of that patent to the Court and explain how that apparatus functions?

“A. This apparatus consists of a series of rollers; the lower roller is immersed in a bath which holds the developer liquid. By putting the belt in motion—beforehand I should say there is an endless belt fixed around these rollers in such a way that when the belt is immersed in the bath and is moved

(Testimony of Arthur Lazar.)

along the roller it will carry some of the liquid out of the bath along its way, and when the paper is inserted into the upper slot, as indicated by the arrow here, and the apparatus is turned clockwise, the paper will be applied with a breath-thin liquid of this developer which is on this guiding belt, and while the paper is continued through this center roller and out through this slot it will leave this apparatus practically dry, because the endless belt will squeeze the excess liquid out of the paper fiber. The paper is inserted at the place of the upper arrow 6 and makes its way out through at that place which is indicated by the arrow 7.

“Q. Is a thin film of the developing liquid applied to the sensitive layer with that apparatus?”

“A. Yes, it is.

“Q. Will you kindly look at the second page of the translation of that patent and read to the Court the statement just above the claims?”

“A. The last paragraph on page 2 before the claims is:

“Since the paper is developed by the above-described process in a very short time, the path which it covers in the apparatus can be shortened considerably, so that an appreciable saving on the guiding rollers is accomplished.”

“Q. Will you read the paragraph which precedes that?”

“A. The preceding paragraph, the last sentence, is “Due to the fact that the non-absorbent belt is

(Testimony of Arthur Lazar.)

only slightly moistened [231] with the developer liquid, the paper comes out of the apparatus almost dry, so that in the atmosphere it dries within a few minutes.

“Q. Would it make any difference whether the developer liquid contained one ingredient, two ingredients, or three ingredients?

“A. No, it would not make any difference as long as all of these ingredients are in the solution.

“Q. I would like to refer you again to Defendant’s Exhibit C, being the United States patent to Kogel, No. 1,444,469, and particularly to page 2, example 1, and ask you to state to the Court whether or not Kogel discloses a developer liquid containing an azodyestuff component, and an alkali liquid.

“A. Yes, there is disclosed in the example 1, “after the exposure under a positive the paper is put into an alkali solution of resorcinol which thus produces a positive violet photograph or picture.

“Q. So that if that developer liquid disclosed in the Kogel patent was used in the bath of the apparatus of Gronau, would the Gronau apparatus deposit a thin film of that developer upon the diazo type surface?

“A. Yes, it would.

“Q. Will you kindly refer to claim 3 of the second patent 1,841,653 and tell the Court what the difference between the elements of claim 3 and claim 1 are ?

“A. The difference between claim 3 and claim 1 is that in claim 1 is disclosed a reducing agent non-

(Testimony of Arthur Lazar.)

decomposable by alkali. In claim 3 a thin film containing an azodyestuff component in an amount not substantially in excess of that required to couple with the diazo compound.

“Q. What is the difference between claims 1 and 3 with specific reference to the developing liquid?

“A. The distinction between the developing liquids is that in [232] claim 1 the developing liquid consists of a reducing agent non-decomposable by alkali and in claim 3 the developing liquid consists of an alkaline liquid containing an azodyestuff component.

“Q. Claim 1 also includes in the developing liquid an alkaline substance and an azodyestuff component?

“A. Yes, it does.

“Q. In other words, there are three elements in the developing liquid of claim 1 while in claim 3 there are how many?

“A. In claim 3 there are only two.

“Q. In other words, the reducing agent non-decomposable by alkali is not contained in that claim?

“A. That is true.

“Q. Does the apparatus disclosed in the Gronau patent to which you have just referred place an amount of the developing liquid on a diazo layer not substantially in excess of that required to couple with the diazo compound?

(Testimony of Arthur Lazar.)

“A. Yes, the apparatus performs that function.

“Q. With reference to claim 4 of the second patent, 1,841,653, what is the composition of the developing liquid mentioned in that claim?

“A. In claim 4 the composition of the developing liquid is a non-volatile alkaline substance only.

“Q. Does the Kogel patent disclose a developing liquid comprising a non-volatile alkaline substance?

“A. Yes, it does.

“Q. Would the Gronau apparatus saturate throughout the entire area of an exposed surface of a diazo print a developing liquid containing a substance as disclosed in Kogel, namely, a non-volatile alkaline substance, by spreading that liquid on the surface of that diazo layer in the form of a uniformly thin film in only a sufficient quantity being substantially that [233] required to effect the development of the surface? In other words, would the Gronau process do that?

“A. Yes, I believe it would, because once the paper is saturated by being moved along the belt it is at the same time squeezed between the belt and the rollers, and in this way the excess liquid removed.

“Q. Will you refer to claim 6 of the second patent 1,841,653, claim 6 being in suit, and tell the court what the developing liquid consists of as defined in that claim?

“A. The developing liquid in this claim is described as a liquid containnig a non-volatile alkaline

(Testimony of Arthur Lazar.)

substance and a reducing agent non-decomposable by alkali.

“Q. How does the developing liquid of that claim differ from the developing liquid of claim 4 which you have just read?

“A. It differs from the developing liquid in claim 4 in that it contains besides a non-volatile alkali a reducing agent non-decomposable by alkali.

“Q. In other respects, then, the claims are identical, are they, claims 6 and 4?

“A. Identical with the exception of this addition.

“Q. How does claim 6 differ from claim 1?

“A. Claim 6 differs from claim 1 in as far as claim 1 specifies an alkaline liquid which at the same time contains an azodyestuff component and a reducing agent; in other words, claim 6 contains one less ingredient.

“Q. Do you find anything in claim 1 which refers to saturating throughout the entire area the exposed surface of the diazo layer as defined in claim 6?

“A. No, there is nothing mentioned.

“Q. In other words, that is another difference between claim 6 and claim 1?

“A. Yes. [234]

“Q. Will you kindly compare claims 8 and 6 in so far as the developing liquid defined in each of those claims is concerned?

“A. The developing liquid in claim 8 consists of a non-volatile alkaline substance, an azodyestuff

(Testimony of Arthur Lazar.)

component, and a reducing agent non-decomposable by alkali. Claim 6 contains only a non-volatile alkaline substance and a reducing agent.

“Q. Not the azodyestuff component?”

“A. Not the azodyestuff component.

“Q. With reference to claim 11, specifically the first part thereof, will you please state the difference between that claim and claim 8?”

“A. Claim 11 reads as follows:

“The process for developing direct positive diazo prints containing a diazo compound of the type which can not be used together with azo-dyestuff components in the light sensitive layer which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and a azo-dyestuff component by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.”

“Q. In your opinion, Doctor, will the Gronau apparatus function to practice that process, assuming that the developing liquid in the bath of the Gronau apparatus consists of a non-volatile alkaline substance and an azodyestuff component?”

“A. Yes, I think it would.

“Q. You have previously testified that the Kogel patent, United States patent 1,444,469, discloses a

(Testimony of Arthur Lazar.)

developer containing a non-volatile alkaline substance and an azodyestuff component?

“A. Yes, I did. [235]

“Q. Now, will you kindly refer to claim 13 of the second patent in suit, 1,841,653, and particularly with reference to the sixth line of this claim, commencing with the words ‘by momentarily wetting,’ etc., and state to the Court whether or not the Gronau apparatus will perform the function of that claim.

“A. Yes, I think the apparatus would perform that function.

“Q. Will you please compare claim 15 of the second patent in suit, 1,841,653, with claim 13, and point out the difference to the Court between those two claims?

“A. In claim 13 the claim calls for “saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance by momentarily wetting the exposed surface with an excess of said liquid and removing the excess immediately thereafter,” etc. Claim 15 calls for “saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and a reducing agent non-decomposable by alkali by momentarily wetting the exposed surface with an excess of said developing liquid and removing the excess immediately thereafter,” etc.

(Testimony of Arthur Lazar.)

“Q. In other words, the only difference between those two claims is the presence of the reducing agent non-decomposable by alkali, is that right?

“A. Yes.

“Q. Now, referring to claim 16 of this second patent in suit, 1,841,653, will you please state the difference between the subject-matter of that claim and the subject-matter of claim 15, in other words compare the two claims?

“A. Claim 16 shows the difference in the composition of the developer by making it of azodye-stuff component along with a non-volatile alkaline substance, whereas the preceding claim mentions the alkaline substance and a reducing agent [236] non-decomposable by alkali.

“Q. In claim 18 in suit of this second patent, No. 1,841,653, what is the difference between that claim and claim 16?

“A. Claim 18 includes in its developing liquid all three substances, the non-volatile alkaline substance, the azodyestuff component, and the reducing agent non-decomposable by alkali.

“Q. Will the apparatus which is shown in the Gronau patent to which you have repeatedly referred perform the process defined in claims 15, 16, and 18, in your opinion?

“A. Yes, I think it would.

Cross Examination

“Q. Now Doctor, I hand you a copy of Defendant's Exhibit C, that is the Kogel patent, No.

(Testimony of Arthur Lazar.)

1,444,469. Does the term “reducing agent” appear at any place throughout this Kogel patent?

“A. In order to be quite sure about it I would have to read it again.

“Q. Suppose you do so.

The COURT: How long will it take to read it?

“A. About ten minutes.

“Q. Doctor, have you completed the reading of the patent?

“A. Yes, I have.

“Q. What is your answer?

“A. My answer is, there is no word mentioned about reducing agent, nevertheless reducing agents are applied.

The COURT: “Q. Reducing agent is mentioned, did you say?

“A. No, the word reducing agent is not mentioned, your Honor, in the patent.

“Q. Doctor, will you please examine the Kogel patent and tell us wherein it states anything concerning discoloration of the background of the finished diazo print after storage of such finished print? [237]

“A. It does not mention this particular function of the reducing agent.

“Q. Then there is not a word in there about that?

“A. There is no word about the discoloration of the background.

“Q. With further reference to the Kogel patent, I call your attention to example 3 in that patent; in

(Testimony of Arthur Lazar.)

that example, line 129 on page 2, it mentions tartaric acid, does it not?

“A. Yes, it does.

“Q. Is it not a fact that the tartaric acid in this example 3 of this Kogel patent is added to the sensitive layer containing both a diazo compound and the azo coupling component?

“A. Yes, it is.

“Q. With further reference to this Kogel patent Doctor, I refer you to the sentence beginning in line 78 on page 1 and ending at line 80 of the same page, and will ask you to please read the sentence.

“A. ‘To obtain still greater stability of the light-sensitive layer small additions of acid, such as tartaric or citric acid are made.’

“Q. Is it not a fact that the substance which is added to the sensitive layer, according to this sentence, is added on account of its acid properties?

“A. It does not express that; it just states that acids, such as tartaric or citric, are added. It does not say that it is added on account of its acid properties.

“Q. If it is an acid it must have acidic properties: Is that not correct?

“A. Yes, that is correct.

“Q. Is it a fact that this substance, tartaric acid, is then added to the layer, and does that not mean that this substance is added to the layer for the express purpose of its acidic property? [238]

“A. No, I cannot see that from the sentence. It states “To obtain still greater stability of the light-sensitive layer.”

(Testimony of Arthur Lazar.)

“Q. The sentence states that acids are added to the sensitive layer, does it not?

“A. Yes, it does.

“Q. If acids are added to the sensitive layer it is because of the acidic property that they have, is it not?

“A. That is not obvious from this sentence, that the addition takes place on account of the acidic properties.

“Q. Does an acid have an acidic property, or does it not?

“A. Yes, it does.

“Q. If an acid has an acidic property it exerts that acidic property when it is added to the layer: Is not that correct?

“A. Yes, it does.

“Q. Now Doctor, it is not a fact that an acid counteracts the formation of an azodyestuff from a diazo compound and an azodyestuff coupling component?

“A. Yes, it does.

“Q. With still further reference to the sentence which you have just read, is it not a fact that according to this sentence the acid is added to the sensitive layer for the purpose of counteracting the formation of an azodyestuff?

“A. The sentence does not state that. The sentence states ‘To obtain still greater stability of the light-sensitive layer.’ It does not specify in which respect the stabilization takes place.

“Q. If you have a sensitive layer that has a diazo compound in it and also a azodyestuff component in

(Testimony of Arthur Lazar.)

it, and since both the diazo compound and the azodyestuff component couple together and form a dyestuff, in the presence of or under alkaline conditions, is it not true that if you add an acid to that layer—and I am now talking about the layer that has the diazo com- [239] pound in it, and an azo coupling component, is it not a fact Doctor, that that acid prevents the coupling of these two compounds together to form an azodyestuff?

“A. Yes; I stated that before.

“Q. Could the acid have any other function in the layer than preventing the premature coupling of the azo coupling component and the diazo compound?

“A. Yes, I think it could, since tartaric acid is a reducing agent, and since——

“Q. Now wait a minute Doctor. Please answer the question. This question is confined to the statement you have read out of that patent. I am referring to the statement that you just read from lines 78 to 80 on page 1 of that patent.

Mr. WHITE: May I have the question read, your Honor?

The COURT: Yes.

Mr. WHITE: The witness has answered yes, and I think he is entitled to explain his answer.

The COURT: He may explain it.

“A. My answer is that the addition of tartaric acid to the layer could have another function besides that of preventing coupling, because after the de-

(Testimony of Arthur Lazar.)

veloping of the print the tartaric acid still will be left in that layer and will be able to stabilize the discoloration of the background by a reducing agent.

“Q. Doctor, that is your opinion, is it not?

“A. It is not only my opinion, but it also has been expressed during this trial so many times that the reducing agents are capable of arresting the discoloration of the background.

“Q. You just stated previously that there is no statement in the entire Kogel patent which even mentions a word about the preventing of the discoloration of the background of the finished print.

[240]

“A. That is true.

“Q. Then how can you say that that sentence contained in lines 78 to 80 of page 1 of the patent means that when you add the acid to the sensitive layer that you prevent discoloration of the background in the finished print?

“A. I was asked what other effect could it have, and I was stating that effect.

“Q. But that effect Doctor, is not even disclosed in that patent, is it?

“A. No, it is not.

“Q. No statement about that in the patent, at all?

“A. No. I stated that before.

“Q. Now Doctor, what is the function of this tartaric acid when it is in the sensitive layer, that is,

(Testimony of Arthur Lazar.)

in the sensitive layer which contains the diazo compound and the azo-coupling component?

“A. According to the words of the patent it is added to obtain still greater stability of the light-sensitive layer.

“Q. In your opinion, what does that mean?

“A. It means, if I read the whole passage, that it is added to prevent the coupling of the azo component and the diazo compound.

“Q. Then Doctor, as I understand your testimony, it is that the acid in the layer prevents the premature coupling of the diazo compound and the azodyestuff component?

“A. Yes, it does. I have stated that before, too.

“Q. Is or is not this purpose of preventing premature coupling of the sensitive layer entirely different from the purpose of arresting discoloration of the background of the diazo type print?

“A. Yes, it is.

“Q. Now Doctor, I again refer you to Example 3 of the Kogel [241] patent, and ask you to state whether you have made positive diazo type prints according to this example in which one-half of one per cent. of tartaric acid was used in the sensitive layer and whether the print thus obtained did or did not show discoloration of the background of the said print after an extended period of storage say for instance, six months.

“A. No, I have not made any experiments with this composition.

(Testimony of Arthur Lazar.)

“Q. Then Doctor, as a matter of fact, you do not know whether a print made according to example 3 will or will not discolor after extended periods of storage?

“A. I do not know.

“Q. Doctor, as I understand your testimony with respect to this example 3 of the Kogel patent, and also the statements contained in lines 78 to 80 of page 1, the tartaric acid is used in the sensitive layer on account of its acid properties for stabilizing the light-sensitive layer, and that the amount of tartrate which is formed from the tartaric acid, and which is present in the finished diazo type print after development, is not sufficient to arrest the discoloration of the background of the diazo type print?

Mr. WHITE: I object to that question on the ground that the witness has already said he has not experimented with this example, nor has he made any prints, nor does he know whether it is discolored.

The COURT: Overruled; an exception.

“A. May I have the question read?

The COURT: Read the question.

“A. I could not say whether the amount is sufficient or not to arrest the discoloration of the finished print. I can only say that there is sodium tartrate left in the finished print.

“Q. But you have testified that sodium tartrate, or sodium citrate, depending upon which acid you

(Testimony of Arthur Lazar.)

added in your sensitive [242] layer acted as a reducing agent, and was present in the finished print and prevented the discoloration of the background. Did you not so testify?

“A. I said it could prevent it, due to the fact that it is a reducing agent.

“Q. But Doctor, you are stating that as your opinion, not based on any experiments, or anything?

“A. I am stating that as my opinion, because it has come up in this trial so many times that the reducing agents are capable of arresting the discoloration of the background.

“Q. But as a matter of fact, since you have not practiced the process you do not know whether it does or does not?

“A. No I do not, and I do not know that in regard to many reducing agents, of which there are millions known.

“Q. Doctor, I call your attention to Plaintiffs' Exhibit No. 2, that is the second Van der Grinten patent in suit, No. 1,841,653, and ask you to refer to example 2 of this patent. Doctor, you have testified that in example 2 of this patent 10 per cent. of sodium citrate is used in the developer.

“A. Yes, I have.

“Q. Is it not a fact that the quantity of sodium citrate in the finished print made according to this example 2 is twenty times as great as the quantity

(Testimony of Arthur Lazar.)

of citrate present in the finished print made according to example 3 of the Kogel patent?

“A. Yes, it is ten times more concentrated.

“Q. Twenty times?

“A. Twenty times more concentrated.

“Q. Now Doctor, you have testified about the possibility of impressing a thin film containing an alkali, an azodyestuff component, and a reducing agent—non-decomposable by alkali, such as citric acid, on a diazo layer with the Gronau apparatus.

“A. I do not remember that testimony, because citric acid could [243] not exist in the presence of alkali.

“Q. Now to refresh your memory, I will read from the transcript of the record of yesterday afternoon on page 185. The question was:

“Q. Now, Doctor, having in mind the fact that the diazo type is made in accordance with the Kogel disclosure and used citric acid in the developer as well as azodyestuff component and also having in mind the disclosure of the Gronau patent, do you feel that it would be possible to impress a thin film containing an alkali, an azodyestuff component and a reducing agent non-decomposable by alkali, such as citric acid, on a diazo layer with the Gronau apparatus?” And your answer to that question was “Yes.”

“A. Yes.

“Q. Now Doctor, would you state whether it is or it is not a fact that citric acid could not be con-

(Testimony of Arthur Lazar.)

sidered as a reducing agent non-decomposable by alkali?

“A. Citric acid, as such, is not able to exist in the presence of alkali, because it will form immediately a citrate. The alkali dissolves the citric acid, but does not decompose in any sense of the word.

“Q. What do you mean, that it is not decomposed when the citric acid is brought together with alkali?

“A. I just mean that the sodium salt of citric acid is left; I would not consider it a decomposition when a salt forms.

“Q. Is it not true that citric acid is an acid?

“A. Yes, it is.

“Q. And sodium citrate is a salt?

“A. Yes, it is.

“Q. Is it also not true that citric acid has acid properties and acts as an acid whereas sodium citrate is a salt and is neutral?

“A. Yes, that is true, but the sodium citrate retains all of [244] the properties, including the reducing properties, of citric acid.

“Q. In other words Doctor, citric acid does not exist as such in the presence of alkali: Is that correct?

“A. That is correct.

“Q. Doctor I hand you Defendant's Exhibit C, the Kogel patent 1,444,469, and ask you to refer to

(Testimony of Arthur Lazar.)

example 9 in this patent. Is it stated in that example that the developing liquid described therein is impressed upon the surface to be developed in the form of a uniformly thin film?

“A. No, it is not.

“Q. Where in that example 9 is it stated that the exposed surface of the print is saturated throughout its entire area with the developing liquid described in such example in the form of a uniformly thin film?

“A. It states that the development is effected by dipping the paper in a bath; this means, of course, complete saturation. If the paper is pulled out of the bath and the solution allowed to drain off, the film will be uniform.

“Q. Where in that example does it say that the exposed surface is only saturated throughout its entire area?

“A. It does not say that in so many words, it just says it is immersed in a bath.

“Q. If it is immersed in a bath how can only the exposed surface of the print be saturated with the liquid?

“A. Not only the exposed surface is saturated but besides that the remainder of the paper is saturated.

“Q. In other words, you would saturate not only the exposed surface but the back of the paper, the complete paper?

“A. Yes, the whole paper, is saturated.

(Testimony of Arthur Lazar.)

“Q. Then as a matter of fact that example does not describe or teach that this developing liquid is applied to only the exposed [245] surface of the print?

“A. No, it does not say that.

“Q. With reference to example 9 of the Kogel patent, where is it stated therein that the exposed surface of the print is saturated with the developing liquid described in such example by momentarily wetting the exposed surface with an excess of said liquid and removing the excess immediately thereafter so as to dispose a uniformly thin film of said liquid to said surface?

“A. It does not state it in that manner but, as I stated before, if a paper is immersed in a bath the saturation is uniform, and whether it is momentarily wetted or for any length of time that is up to the man that processes the development. He can dip it in for a second and pull it out immediately and that would effect the same result, that would mean momentarily wetting.

“Q. As a matter of fact Doctor, when you dip the print in the bath you are not only saturating the exposed surface, but also the back side of the paper, are you not?

“A. Yes, that is true.

“Q. The question asked was where in that patent is it stated that this developing liquid is applied to only the exposed surface?

“A. It does not state it any where in this patent, but this patent is not an-apparatus patent, it is a

(Testimony of Arthur Lazar.)

process patent; how the process is carried out is a different matter—I mean with what equipment the process is carried out.

“Q. As a matter of fact, that example says nothing in there about only applying the developing liquid to only the exposed surface, does it?

“A. No, it does not.

“Q. And also Doctor, where in that example is it stated that [246] the excess is immediately removed thereafter, after you first saturate the exposed surface and then immediately remove it?

“A. It states here that the material is then washed and that is the equivalent to removing the excess.

“Q. I asked you whether the excess was not immediately removed.

“A. That depends on the speed of the operator. He can do it immediately after the immersing.

“Q. Doctor, if you take a print and you have a bath and you immerse the print in there, no matter how quickly you do it, and then pull it out, by that immersion you certainly will saturate the both sides of the paper, not only the exposed surface, but also the back of the print, will you not?

“A. Yes, that is true.

“Q. If that is true, then, the patent says nothing at all about saturating only the exposed surface of the print and momentarily removing the excess from that exposed print, does it?

“A. It does not.

(Testimony of Arthur Lazar.)

“Q. Now Doctor, with respect to this example 2 of the Kogel patent, will you please state whether according to that you get a positive or negative diazo type print?

“A. After developing, you mean?

“Q. After the complete process as you described it in that example do you get a negative or positive print?

“A. A positive print.

“Q. Now Doctor, with reference to this example 2 of this Kogel patent, lines 119 to 126, page 2 of the patent, the light sensitive layer on the face of the film contains a diazo compound and an alkali like sodium hydrate, is that correct?

“A. Yes.

“Q. Now, the light-sensitive diazo compound when exposed to light by decomposition is changed into a phenol and phenol [247] is an azodyestuff component, is that correct?

“A. Yes.

“Q. If the sensitized paper of this example is exposed to light under a transparent tracing of which a print is desired, the light attacks the parts not protected by the dark lines of the image and thus decomposes the diazo compound into a phenol which is an azo coupling component. Because of the presence of the alkali, sodium hydrate, in the sensitized paper, the azo coupling compound, phenol, as soon as it is formed, immediately combines with other diazo compounds which the light has not

(Testimony of Arthur Lazar.)

yet attacked, so that after exposure you have a dark color in the parts of the print which were not protected by the black lines of the image, and this black part of the print forms the background of the finished print. Then when you wash the print, after exposure, with a diluted sodium hydrate solution, as stated in the example, this washing removes the light-sensitive diazo compound from the unexposed parts of the print, and so you have a white image on a dark background: Is that correct?

“A. Yes, that is correct.

Mr. WHITE: I object to the question and move to strike the answer on the ground the Doctor has not qualified as having practiced the process of the Kogel patent in the first instance, and, in the second instance, the question as put by counsel specifies that the Kogel process does certain things. The Doctor has not practiced the Kogel patent.

The COURT: Overruled; exception.

“Q. Then this example 2 of the Kogel patent produces a negative diazo type print and not a positive type print, is that correct?

“A. Yes, that is correct, I was wrong in my first answer.

“Q. Are positive and negative type prints the same or are they [248] different?

“A. They are different, of course.

“Q. Will you please read the title of the second patent in suit and state whether this patent is directed to a negative or to a positive diazo type process?

(Testimony of Arthur Lazar.)

“A. A process for developing positive diazo type prints.

“Q. So, if I understand you correctly, then example 2 of the Kogel patent produces a print which is a negative one, while the second patent in suit produces a positive diazo type print: Is that correct?

“A. That is correct.

“Q. So that if I understand you correctly the process according to example 2 of the Kogel patent gives the opposite result to that obtained by the process of the second patent in suit, is that correct?

“A. That is correct, and I referred to it by error.

“Q. Now, with reference to one of your answers on page 202 of the transcript, I ask you to state whether it is correct to say that the paper in the Gronau device is squeezed between the belt and the roller, or whether it is correct to say that it is squeezed between the belt and the roller 2 in this diagram.

“A. It is only squeezed between the belt and the roller No. 2.

“Q. Will you please indicate that there?

“A. The paper is squeezed here and comes around this way and comes out.

“Q. Is it squeezed between the belt and the rollers?

“A. Between the belt and this big roller.

“Q. That is the roller number 2?

“A. Yes.

(Testimony of Arthur Lazar.)

“Q. Did you state that in the Gronau process one could apply to the paper an excess developer liquid which is squeezed off between the belt and roller 2: Is that correct? [249]

“A. Yes.

“Q. Will you please inspect the Gronau patent and state where this patent describes the application of an excess liquid to the paper—please refer to the translation.

“A. On top of page 2 it says that the paper to be developed is introduced through the slot, Fig. 6; it arrives between the moistened part of the endless belt and as it is clearly indicated the paper is saturated, the surface is saturated by the moisture on the belt, and it is uniformly saturated.

“Q. Will you state where that patent describes the squeezing off of this excess.

“A. That is the nature of this apparatus, that there is a certain pressure exercised on the material that goes between the belt and the roller, through the apparatus, and naturally this pressure will squeeze out any excess liquid.

“Q. Will you please state where the patent describes an excess application of liquid to the belt?

“A. It does not describe an excess application to the belt, the belt can only carry as much as the surface allows, but there can be more than sufficient to saturate the paper to excess.

“Q. Then, if I understand you correctly, the Gronau patent does not teach the application of an

(Testimony of Arthur Lazar.)

excess and the removing thereof with regard to the belt?

“A. I did not say that. The belt could not carry an excess, because all excess liquid will run off the belt, but the belt carries enough liquid to saturate the paper with an excess, or the surface of the paper with an excess.

“Q. The belt is described as being non-absorbent.

“A. It is not deliberately made sponge-like to absorb liquid, but any surface will absorb liquid when it is pulled through liquid, that is a well known fact.

“Q. If you have a non-absorbent belt how are you going to get [250] an excess of liquid on it, that will be retained on it? You have surface tension, do you not?

“A. Yes, surely there is surface tension.

“Q. That will tend to push it off?

“A. Not always, it depends on the liquid and the material of the belt.

“Q. But on a non-absorbent surface that would be true, would it not?

“A. Well, I would have to see whether it uses the expression ‘non-absorbent.’ It says non-absorbent and not non-adsorbent.

“Q. You are not going to attempt to draw a distinction between non-absorbent and non-adsorbent are you, Doctor?

“A. Yes, there is a great difference.

“Q. What is the difference between non-absorbent and non-adsorbent?

(Testimony of Arthur Lazar.)

“A. If a surface absorbs a liquid that means that a large amount could be taken in either to the surface or to the material as such. Adsorbent refers only to the surface. Much smaller quantities are involved then.

“Q. As I understand it Doctor, absorbent means the taking up of liquid in the entire body of that material that is absorbed, is that correct?

“A. Yes.

“Q. The term in that description or in the translation of this patent states that the endless belt is non-absorbent, that it is a non-absorbent belt. I call your attention to lines 4 and 5 of the first paragraph of the translation on page 2.

“A. Yes.

“Q. That being the case then, as I understand you, a non-absorbent belt would be one that would not take up any liquid?

“A. The way that I understand that is that the belt has not a sponge-like surface. The German text uses a word ‘saugen,’ [251] which means to suck. That could only refer to a sponge-like surface.

“Q. You just testified that an absorbent material is one that takes up the moisture, takes a whole lot of it up.

“A. An absorbent?

“Q. Yes, I am talking of absorbent, a-b-s-o-r-b-e-n-t.

“A. Yes.

(Testimony of Arthur Lazar.)

“Q. The term in that translation says non-absorbent. Therefore, that has a negative limitation to it. As I understand it, that term would mean that it cannot take up any liquid whatsoever, or to a very negligible extent.

“A. It does not say that. It says that it is to be understood that this belt has not a sponge-like surface.

“Q. Will you please read the Gronau patent, the third paragraph on page 1 of the translation?

“Q. ‘It is already known to conduct a roller equipped with a sponge-like surface saturated with the developer liquid over the layer to be developed. In this process the sensitive layer, during the developing by liquids liberating alkaline gases would be moistened with liquid to such an extent that the drawing would come out blurred. In order to prevent this, according to the invention, the layer to be developed is moved about in contact with the developer liquid on a common carrier covered with a layer of the developer liquid as thin as though it were applied by breathing thereon.’”

“Q. Is it not a fact that the paragraph you have just read teaches that the developing liquid is applied to the belt in a layer as thin as if it were breathed thereon?

“A. Yes, it does.

“Q. Is it not a fact that this same paragraph teaches that the application of an excess of develop-

(Testimony of Arthur Lazar.)

ing liquid to the layer to be developed causes blurring of the drawing or print? [252]

“A. Yes, it does.

“Q. So, as I understand you, the Gronau patent not only does not teach at all the application of an excess and the entire removal thereof by squeezing, but teaches the opposite procedure: Is that correct?

“A. I would not say it teaches the opposite procedure; it teaches only the application of a thin film, it specifies the thinness of the film by saying ‘breath-like.’

“Q. You just previously testified that this paragraph does not teach the application of an excess of developing liquid to the layer to be developed because it causes blurring of the layer; didn’t you say that that is what it said?

“A. Yes, this paragraph mentions that, that an excess is not desired.

“Q. If the paragraph says that, then how can you say that it does not teach at all an application of an excess of liquid to the belt?

“A. This paragraph teaches that an excess on the paper is undesirable.

“Q. Is it not a fact that the person who would use the Gronau device for applying an excess and removing it would use this device in a way which is essentially different from the way that the Gronau patent teaches to use a device?

“A. No, I cannot agree with that. The Gronau device teaches to apply a breath-thin film of developer on a paper.

(Testimony of Arthur Lazar.)

“Q. You have just stated Doctor, that an excess of developing liquid could be squeezed off by the Gronau device between the belt and the big roller 2 on the diagram. I am now referring to the diagram. Is that right?

“A. Yes, it could be.

“Q. If an excess were thus squeezed off, then would not this take place at the point where the belt first touches the roller [253] 2, namely, referring to the diagram, at the spot toward which the arrow No. 6 points? I mean this point, right here.

“A. Yes, the squeezing process would begin right there.

“Q. That being the case Doctor, is it not a fact that the squeezing of the excess of the developing liquid would drain down along the face of the roller 2 in a direction opposite to the direction of rotation of the roller 2?

“A. Yes, it would.

“Q. That being the case Doctor, is it not a fact that after the apparatus has been functioning continuously for some time the squeezed-out excess of the developing solution would collect at the point where the belt leaves the roller 2 and therefore would wet the print again with an excess which is not removed, as the print immediately thereafter leaves the machine in the direction indicated by the arrow 7?

(Testimony of Arthur Lazar.)

“A. In no place in this patent is it said that the paper being ejected in the direction of arrow 7 comes in contact with the roller No. 3.

“Q. Just a moment Doctor: This is what the question asked, whether this developing liquid which falls down here on this roller 2 and rides around here, and here is the print coming out here and it is ejected here at 3, if this excess falls off here it will run down on this roller and will be picked up as this print comes back here and will fall on the back of the print, and the print is then ejected at that point and the excess is not removed from that print: Is that correct?

“A. The liquid is carried around this roller and back into the bath and the paper is ejected here and does not touch this roller.

“Q. Let me ask you another question Doctor: Is it not a fact that as you put the print in at 6 it passes around in between this belt and the periphery of roller 2 and passes completely [254] through this contact until it gets down to this point, close to the point of roller 3?

“A. Yes.

“Q. And as the print comes out here this print obstructs the belt; in other words, the point is between this belt here, the surface of this belt, and you have testified the excess fell off here and went along here; naturally, as this print came out here it would fall on the back of the print; this excess certainly could not get to the belt: Is that correct?

“A. Yes, that is correct.

(Testimony of Arthur Lazar.)

“Q. Then is it not a fact that when the Gronau device is operated in this manner it does not in the ultimate analysis produce a print from which the excess of developing liquid has been removed.

“A. I think that could happen, that some liquid could stay on the paper.

“Q. Now Doctor, I hand you Plaintiffs' Exhibit No. 11, which consists of the title page and pages 10 and 11 of Couch's dictionary of chemical terms, and the title page and page 92 of the Funk & Wagnalls dictionary. Is it not a fact that according to the definitions in Couch and in Funk & Wagnalls a substance containing the Group NH_2 , as shown on the chart Plaintiff's Exhibit 12, is an amino compound?

“A. Yes, it is.

“Q. You testified that the formula shown on Plaintiffs' Exhibit No. 12 is that of thiourea.

“A. Yes.

“Q. Does thiourea, according to this formula, contain NH_2 group?

“A. It contains two NH_2 groups.

“Q. So, as I understand it, thiourea contains an NH_2 group and is, according to the definition of Couch and of Funk & Wagnalls, [255] an amino compound.

“A. Yes, it is.

“Q. Now Doctor, can a chemist be supposed to know what is meant by chemical terms when a clear definition of such terms has been obtained in

(Testimony of Arthur Lazar.)

a dictionary which is generally accepted in universities in this country?

“A. Yes.

“Q. Have you ever in your practice treated nitric acid with urea?

“A. No, I have not myself.

“Q. In order to refresh your memory I refer you to a method known to practically any chemist, of eliminating a surplus of nitric acid out of certain reacting mixtures by means of urea. Does this not bring to your mind the action of urea upon nitric acid?

“A. I am familiar with that reaction.

“Q. Is it not known to you that during the war, urea was used in gas masks to eliminate nitric acid vapors from the air?

“A. Yes, and so was active charcoal.

“Q. So that I understand that you recognize it as a fact that the urea acts upon nitric acid in such a way that the nitric acid disappears and that nitrogen is formed?

“A. Yes, and I know that any amino compound acts in the same or similar manner with nitric acid.

“Q. Is it not a fact that urea, in acting upon nitric acid, removes all, or at least part of the oxygen out of the nitric acid?

“A. Yes, that is true.

(Testimony of Arthur Lazar.)

“Q. So, if I understand you corectly, the urea removes the oxygen from the nitric acid: Is that correct?

“A. Yes, it reacts with nitric acid and something must happen to the oxygen. [256]

“Q. Is it not a fact that a substance which removes oxygen from another substance is a reducing agent, and in this connection I call your attention to Plaintiffs' Exhibit No. 9, page 506, line 10 from the bottom of such page, and ask you to read what that line says following the “1”.

“A. ‘A reducing agent is a substance which can remove oxygen from other substances.’

“Q. It is true is it not that urea must be considered a reducing agent?

“A. No, by no means, because any substance would be a reducing agent, because there are reactions known where even an oxidation agent can become a reducing agent, depending on what it reacts.

“Q. I must assume that you do not agree with the definition of reducing agent given on page 506, lines 10 and 11 from the bottom of this page, in Mellor's Modern Inorganic Chemistry, Plaintiffs' Exhibit No. 9.

“A. I agree with the statement in its general sense, but that does not make it a reducing agent because, as I explained the other day, if it was a reducing agent diabetic urine could not be tested for glucose, which is a reducing agent.

(Testimony of Arthur Lazar.)

“Q. Doctor, you stated that urea removes oxygen from nitric acid, did you not?

“A. Yes, I did.

“Q. Then we have urea on the one side and nitric acid alongside of it; the analogy is that urea goes over into the nitric acid and removes the oxygen out of it; a substance which in this analogy would be urea, which takes oxygen out of the substance nitric acid, that would be a reducing agent, according to Mellor, would it not?

“A. It is not a reducing agent on that ground.

“Q. Will you please refer to page 506, the tenth line from the [257] bottom.

“A. You mean the one I read before?

“Q. Yes, you have read it.

“A. ‘A reducing agent is a substance which can remove oxygen from other substances.’

“Q. In the analogy I gave you we have urea and we have nitric acid. Mellor says that a substance which can remove oxygen from other substances is a reducing agent.

“A. Yes, but I notice that this hand-book of Mellor is on modern inorganic chemistry, and we are dealing with organic substances here.

“Q. That is an authoritative work, is it not?

“A. Yes.

“Q. That statement is not limited to inorganic compounds, is it?

“A. That statement is limited to inorganic compounds, because it is contained in a hand-book on Modern Inorganic Chemistry.

(Testimony of Arthur Lazar.)

“Q. Will you please state where the limitation in there is?

“A. Right in the title of the book, Modern Inorganic Chemistry.

“Q. Does it state on those pages where it gives the definition that that is limited to inorganic compounds?

“A. If the whole book deals with inorganic compounds I expect to read nothing else from it.

“Q. As a matter of fact, you have this situation, have you not, you would have inorganic reducing agents and these inorganic reducing agents are oftentimes used with organic substances to reduce those and, therefore, if you wanted to find out whether a specific inorganic reducing agent—and of course I mean the properties that it would have on certain inorganic compounds and organic compounds, that would naturally be listed in a textbook of that character, would it not?

“A. No, inorganic chemistry deals only with ionic reactions. [258]

“Q. What would be the definition of an organic reducing agent?

“A. The definition could be made in many different ways. I could say that an organic reducing agent is such a substance which reduces cupric salt to cuprous oxide, or a reagent which converts ammoniacal silver solution into metallic silver.

“Q. In your illustration there Doctor, you are giving truly inorganic compounds, are you not?

(Testimony of Arthur Lazar.)

“A. No only as reagents, but not as reducing agents.

“Q. I wish you would give me a general definition without reference to any specific compounds or any specific reactions, I wish you would give me a general definition of what you mean by an organic reducing agent. By that general question I mean the property it must have before you would consider it an organic reducing agent.

“A. General definitions are very often misleading, like this one, here, where it says a reducing agent must remove oxygen from another substance. If that were generally true then any substance could be a reducing agent. I refer, for instance, to hydrocarbons, i. e. naphthaline. Would anybody call naphthaline a reducing agent because it is oxidized to phthalic acid by sulfuric acid in the presence of a catalyst?

“Q. Doctor, it is not a fact that there is really no difference between an organic and an inorganic reducing agent?

“A. Yes there is a difference, that one is an organic compound and the other one is inorganic.

“Q. I mean as regards the reducing property of the compound. I mean if you have an organic compound and you have an inorganic compound on the other hand, and you want to know whether they have reducing properties, and you find that they have, as a matter of fact do not they act in the same manner if they are reducing agents? [259]

“A. Yes, they do.

(Testimony of Arthur Lazar.)

“Q. If they act the same they then must have the same definition: Is that correct?

“A. Yes, but that does not say that this definition is generally acceptable.

“Q. As I remember it Doctor, I think you stated before that this definition by Mellor was acceptable: Is that correct?

“A. No, I did not state that.

“Q. According to this definition it is a reducing agent, is it not—urea?

“A. According to this definition it would be, but I do not agree with it.

“Q. When Doctor Van der Grinten stated that urea was a reducing agent his statement was in accordance with this definition of Mellor's, was it not?

“A. Yes, I believe that Doctor Van der Grinten made the statement in good faith.

“Q. I hand you Doctor, a copy of British patent No. 210,862, Plaintiffs' Exhibit No. 20. I wish you would examine this British patent No. 210,862 and the Kogel patent No. 1,444,469, and state if both of these patents are not Kalle & Company patents.

“Mr. WHITE: I will stipulate to that, your Honor, that they are substantially the same. Is that your question?

Mr. HOFFMAN: Yes, that is my question.

Mr. WHITE: All right, I will stipulate to that.

“Q. I refer you to the Gronau patent, Defendants' Exhibit D; in this Gronau device the liquid is

(Testimony of Arthur Lazar.)

not directly applied to the surface, but by the intermediacy of a belt, is that correct?

“A. Yes.

“Q. I now ask you Doctor, to state whether the device of the second patent in suit and the Gronau device are the same in [260] structure and operation.

“A. They are not the same in structure and operation, but they are the same in effect.

“Q. Doctor, in the Gronau device the liquid is applied first to the belt, and then to the print, and in the device of the second patent in suit the developing liquid is applied directly to the print, isn't that correct?

“A. Yes, it is.

“Q. So, as I understand, Doctor, the two devices, that is the device of the Gronau device and the device shown in the second patent in suit are different in structure and operation?

“A. Yes, they are.

“Q. Have you ever personally made any experiments as to a practical comparison between the Gronau device and the device shown in the second patent?

“A. No, I have not.

“Q. I refer by that comparison to whether you have made a comparison between the two as regards the mode of development in the process, as regards the mode of developing the exposed print in accordance with the process of the second patent in

(Testimony of Arthur Lazar.)

suit—that is what the question is intended to ask you, whether you have made a comparison between the two as regards the process of applying the developer to the exposed print.

“A. No, I have not made any practical tests, I have only studied the patents.

“Q. Then your statement with respect to the operation of the Gronau patent is merely your opinion, it is not based on any actual tests?

“A. Yes, that is true.

“Q. You have testified that according to the process of this Gronau patent and the Gronau device the developing liquid is impressed on the layer to be developer. Where in this patent [261] is that stated?

Mr. WHITE: I will stipulate there is no statement of that character in the Gronau patent.

“Q. Now, will you please read the last sentence of the second paragraph of the translation of the Gronau patent.

“A. ‘It was demonstrated that this slight moistening of the paper is sufficient to allow a complete development of the picture in the shortest possible time by means of the gas used as a developer.’

“Q. Is it not true that by this sentence it is stated that the development of the picture or image as shown in the Gronau patent is by means of the gas used in the developer in the shortest possible time.

“A. Yes, it is.

(Testimony of Arthur Lazar.)

“Q. Is it not true that development by means of a gas is entirely different from a development by means of a liquid?

“A. Yes, that is true.

“Q. Will you please state whether and where in the Gronau patent there is described a method for saturating the surface of a diazo type print throughout its entire area with developing liquid, by spreading said liquid on said surface?

Mr. WHITE: I will stipulate that is not in the patent.

“Q. Will you state whether and where in the Gronau patent is described a method for saturating the surface of a diazo type print throughout its entire area with a developing liquid by first applying an excess of the liquid and immediately thereafter removing the same?

Mr. WHITE: I will also stipulate there is nothing in the patent to that effect.

“Q. Where in the Gronau patent is there a method described in which a developer containing any other substance than a volatile alkali is applied to a diazo type print? [262]

Mr. WHITE: I will stipulate also there is nothing in the patent in so many words to that effect.

“Q. Then as I understand you the Gronau patent does not describe a diazo type print where there is applied a thin film of liquid developer containing a non-volatile alkali, an azodyestuff component, or a reducing agent, or any combination or mixtures of those two substances?

(Testimony of Arthur Lazar.)

Mr. WHITE: I will stipulate that there is nothing in the Gronau patent giving a composition of a developer liquid. Does that cover it?

Mr. HOFFMAN: Yes.

“Q. I will now refer you to the first patent in suit, Plaintiffs’ Exhibit No. 1, and ask you to please read lines 55 to 63 of page 2 of this patent.

“A. ‘The invention is based on the observation that the discoloration of the background in all kinds of diazo type processes can be prevented even for extended periods if a reducing agent is added to the sensitive layer or during or after development of the picture.’

“Q. Please read line 63.

“A. ‘Preferred reducing agents are organic substances such as aldehydes, amino compounds’——

“Q. That is enough. Will you please state whether the words ‘preferred reducing agents’ in line 62 excludes those reducing agents which are not the preferred ones from the concept of the invention described in lines 55 to 61.

Mr. WHITE: I object to that question on the ground it is calling for a construction of the patent. This witness is not qualified to do that.

The COURT: Overruled; an exception.

“A. It would exclude them to me if I had practiced the process, because I would not even try other reducing agents, [263] but the ones stated as preferred, because they are liable to give me the best result.

(Testimony of Arthur Lazar.)

“Q. Doctor, the question I am asking you here is really an interpretation of the English language. We say in lines 55 to 63, broadly, that a reducing agent may be used which will prevent the discoloration and then in line 62 we state that the preferred ones are thus and so. Now, does that not mean that reducing agents in general may be used which have that property of arresting discoloration, but the preferred ones are thus and so?

“A. Yes, it means that, but there is a practical side to it.

“Q. Please stick to answering the question, that is all I asked you. So, Doctor, if that is the case, as I understand you, those reducing agents other than the preferred ones are not excluded by that statement?

“A. Yes, that is so.

“Q. Isn't it a fact that substances which are not organic substances are inorganic substances?

“A. Yes, that is true.

“Q. Doesn't this also apply to reducing agents?

“A. Certainly.

“Q. So, as I understand you, the organic reducing agents, according to lines 62 and 63 of page 2, the first patent in suit, are the preferred ones, and the inorganic reducing agents must be the not preferred ones, is that correct?

“A. Yes, that is correct.

“Q. So, as I understand you, the not-preferred reducing agents, not being excluded from the con-

(Testimony of Arthur Lazar.)

cept of the invention, and the not-preferred reducing agents being, as you stated before, the inorganic reducing agents, these inorganic reducing agents are not excluded from the concept in lines 55 to 61: Is that correct?

“A. Yes, that is correct. [264]

“Q. When they are not excluded they consequently are included, are they not?

“A. They are included by inference.

“Q. I again refer you to the Kogel patent, No. 1,444,469, Defendant's Exhibit C. Will you please refer to examples 1 and 8 and 9 of this patent? In these examples the development with a liquid is effected by treatment in a bath of such liquid: Is that correct?

“A. Yes, it is.

“Q. Is it not a fact that the treatment in a bath involves the treatment of both sides of the print with the liquid?

“A. Yes, it does.

“Q. Is it not a fact that a treatment in a bath involves the treatment with an excess of the liquid?

“A. Yes.

“Q. Is it not a fact that in the Kogel patent there is, apart from the bath development, only mentioned development by means of a gas, as, for instance, in the example 7?

Mr. WHITE: I will stipulate that that is correct.

“Q. Is it not a fact that a treatment with a gas

(Testimony of Arthur Lazar.)

as described in example 7, lines 38 and 39 on page 3, involves a treatment with an excess of the developing agent?

“A. Yes, it does.

“Q. I now call your attention to Plaintiffs’ Exhibit No. 2, the second patent in suit. Is it not a fact that according to the method of the second patent in suit only the exposed surface is treated with a developing liquid?

“A. Yes.

“Q. Is it not a fact that in this respect the method of the Kogel patent is quite different from that of the second patent in suit?

“A. The method of applying the liquid is different. [265]

“Q. Is it not a fact that according to the method of the second patent in suit there is applied a certain quantity of the developer to the exposed surface, and that the inter-action between the developer and that surface takes place automatically after the application of the quantity of the developer: Is that correct?

“A. Yes.

“Q. Then is it not a fact that in this respect the method of the Kogel patent is quite different from that of the second patent in suit?

“A. In regard to the excess or to the quantity of the developer applied Kogel has the possibility of changing the concentration of his liquid so there

(Testimony of Arthur Lazar.)

would not be an excess on the paper to be developed. He, however, does not state anything about the mode of developing.

“Q. Does the Kogel patent state anything at all about applying only a certain quantity to the exposed surface?

“A. No, it does not.

“Q. Doctor, I hand you Plaintiffs' Exhibit No. 10, the Rathke article. Will you please read the second paragraph on page 2 of the translation down to the period in line 9?

“A. If a solution of thiourea is mixed in the cold with cupric chloride, as long as a precipitate forms, and a possible excess of the reagent is removed through a further small addition of thiourea, then a white precipitate of microscopical needles consisting of $\text{CSN}_2\text{H}_4 + \text{CuCl}$ in a strongly acid colorless liquid is obtained. This latter contains the combination of one molecule thiourea with one atom of chlorine, described by Claus, *Ann. Chem. Pharm.* 179, 139, which chlorine in our case has been given off of the cupric chloride in that the latter has been changed to cuprous chloride.”

“Q. Is it not a fact that it is here stated that cupric chloride is treated with thiourea and that the result is that cuprous [266] chloride is formed, which cuprous chloride is present in the addition compound mentioned in line 4 of this paragraph?

(Testimony of Arthur Lazar.)

“A. He does not say that cuprous chloride is present in the addition compound, he only gives the so-called Brutto formula of his precipitation.

“Q. Does it state in there that cupric chloride is treated with thiourea?

“A. Yes, it does.

“Q. I call your attention to line 4 of this paragraph, the formula CuCl , is that cuprous chloride?

“A. Yes, it is, but as I stated before, these two compounds have to be read together, they form one compound, according to the statement which Rathke makes later.

“Q. But that compound is the thiourea plus the addition, is it not?

“A. No, it is not. It is a new compound in which the copper has entered the thiourea complex. It is a thiourea copper complex compound according to Rathke's own statement.

Q. If it is not the addition compound, why is it written like it appears in line 4 of this article, $\text{CSN}_2\text{H}_4 + \text{CuCl}$?

“A. This is written as a so-called Brutto formula only giving the constituents of this new compound without saying anything about the constitution of the compounds, itself.

“Q. Is it not a fact that this paragraph states the colorless liquid which is obtained apart from the compound of thiourea and cuprous chloride is a combination of one molecule of thiourea with one atom of chlorine.

(Testimony of Arthur Lazar.)

“A. Yes, it does.

“Q. Is it not a fact that this paragraph states that this chlorine with which the thiourea has combined, as in this case, has been given off of the cupric chloride.

“A. Yes, that is true. [267]

“Q. Is it not a fact that this paragraph states that by thus giving off of the chlorine the cupric chloride has been changed to cuprous chloride?

“A. Yes, it has, in the same sense that I stated before, that the cuprous chloride is not present in the compound, it is only given as a symbol.

“Q. Is it not a fact that the change of cupric chloride to cuprous chloride involves a decrease of the non-metallic part, in this case the chlorine, of the cupric chloride?

“A. Yes, it does, if you consider the reaction cupric chloride to cuprous chloride in itself, that is, just by itself.

“Q. Is it not a fact that in this case the decrease of the nonmetallic part of the compound cupric chloride is caused by the thiourea?

“A. In the presence of thiourea a migration of the chlorine and of the copper takes place. The copper goes into the thiourea complex. The chlorine has to look for another place to go. One place is the thiourea compounds which in itself is a base and the chlorine is used to form the salt of this base. In the case of the supernatant liquid the salt-like compound of thiourea is formed.

(Testimony of Arthur Lazar.)

“Q. Does this compound and this liquid contain chlorine?

“A. Yes, it does. Any hydrochloric acid salt contains chlorine.

“Q. Does not this chlorine come from the cupric chloride?

“A. Certainly it does. As I stated before, it is only a migration of the chlorine.

“Q. Is it not a fact that a substance which can decrease the nonmetallic part of a compound is according to Mellor's definition on page 506 of Plaintiffs' Exhibit No. 9, and I call your attention to line 9 from the bottom of that page, 'is a reducing agent'?

“A. Yes, I stated that before, that the sentence reads [268] 'A reducing agent is a substance which can remove oxygen from other substances.'

“Q. And will you read No. 2?

“A. 'Can decrease the non-metallic part of a compound.'

“Q. Is it not a fact that thus by this paragraph of the Rathke article it is shown that thiourea in decreasing the non-metallic part of the compound cupric chloride is a reducing agent, according to the definition of Mellor?

“A. It would be that if you could find cuprous chloride in the compound, but Rathke, himself, states he cannot find it.

“Q. But Doctor, does it not say that right here in paragraph 2 of the translation, that when thio-

(Testimony of Arthur Lazar.)

urea is mixed with cupric chloride you end up with a white precipitate which consists of thiourea plus cuprous chloride in a strongly acid colorless liquid, is obtained. This latter contains the combination of one molecule thiourea with one atom of chlorine, described by Claus, *Ann. Chem. Pharm.*, 179, 139, which chlorine in our case has been given off of the cupric chloride in that the latter has been changed to cuprous chloride. Does not that mean that the cupric chloride has been changed to cuprous chloride, and that in effecting this change the extra chlorine atom has been given off?

“A. This change in the cupric chloride is only an apparent change. The copper is not there any more as a chloride salt.

“Q. Pardon me Doctor, please answer the question either ‘Yes’ or ‘No.’ I am asking you what this particular paragraph says, not what your opinion is; I am asking you does that paragraph state what I have said, or does it not?

“A. May I hear the question again?

The COURT: Read the question, Mr. Reporter.

“A. No, it does not, because the copper has entered the thiourea complex and there is nothing left any more of cuprous [269] chloride salt. The chlorine has an entirely different function in this compound. That is according to Rathke’s own statement in a later paragraph.

“Q. I am only considering this particular paragraph, that is, paragraph 2, those nine lines of that

(Testimony of Arthur Lazar.)

paragraph, page 2, and I would like to have you please state to the Court whether that article states what I am going to read now, that when you take thiourea and you mix it with cupric chloride, then you get a white precipitate of microscopical needles, consisting of thiourea plus cuprous chloride, in a strongly acid colorless liquid, and that this addition compound of thiourea plus cuprous chloride contains a combination of one molecule of thiourea with one atom of chlorine, which chlorine in our case has been given off of the cupric chloride in that the latter has been changed to cuprous chloride. Does not that article say that?

“A. It states only a precipitate of $\text{CSN}_2\text{H}_4 + \text{CuCl}$; he could have written it just as well $\text{CSN}_2\text{H}_4\text{CuCl}$ without the plus.

“Q. Now, you have previously testified that the CuCl in line 4 was cuprous chloride, have you not?

“A. Yes.

“Q. What is the formula of cupric chloride?

“A. CuCl_2 .

“Q. If one of the atoms of the cupric chloride were given off and we got CuCl , that would be a decrease in the non-metallic part of this compound, would it not?

“A. Yes, it would be if the cuprous chloride could be found, but it cannot.

“Q. If that were so then according to Mellor's own definition which you have just read, it would be a reducing agent?

“A. Yes. [270]

(Testimony of Arthur Lazar.)

Redirect Examination

“Q. Doctor, will you refer to page 9 of this translation of Rathke’s article, point 4, and read that to the Court please—read the whole paragraph.

“A. ‘A solution of cuprous chloride in hydrochloric acid as well as in ammonia has, as is known, the property of absorbing carbon monoxide. The solution of its thiourea compound does not possess this property. A measured volume of the gas does not diminish in the least after having been 24 hours in contact with the solution. Also this seems to me to point to the fact that the cuprous chloride is as such here no longer really present.’”

“Q. That statement at the end of the paper supports your statement, does it not, that the cuprous chloride in the so-called formula of line 4, or paragraph 2 on page 2 does not indicate the presence of cuprous chloride in that compound?

“A. That is correct.

“Q. Doctor, will you state whether or not Rathke discusses thiourea as a reducing agent?

“A. He does not.

“Q. By reading and studying this article would you gather, from your experience as a scientist, that Rathke was giving to the world a treatise on reducing agents?

“A. No, not at all.

“Q. Or on the substance thiourea as a reducing agent?

“A. Not at all.

(Testimony of Arthur Lazar.)

“Q. Doctor, are you familiar with the publication on Organic Chemistry by Houben-Weyl, Method of Organic Chemistry?

“A. Yes, I am very well acquainted with that book.

“Q. Has that book a chapter on reducing agents?

“A. Yes, it has a very large chapter on reducing agents.

“Q. Have you looked over that chapter recently?

“A. Yes, I scrutinized this chapter very carefully in order [271] to find any evidence that thiourea is a reducing agent.

“Q. Did you find thiourea mentioned in that chapter of the Hand-book?

“A. No, I did not.

“Q. Did you find thiourea mentioned as a reducing agent in the work by Beilstein?

“A. No, I did not.

“Q. Do you find thiourea present in any of the literature referred to as a reducing agent?

“A. No, I have never in my whole practice encountered any reference to this alleged fact.

“Q. I now hand you Defendant's Exhibit C, and refer you to page 2, lines 30 to 33 of that patent, and ask you to read that statement to the Court.

The COURT: Is that in either of the patents in suit?

Mr. WHITE: That is in the Kogel patent that is in evidence as Defendant's Exhibit C; that is one of the prior art patents.

“A. From the light-sensitive layer prepared by

(Testimony of Arthur Lazar.)

the previously-described process negative pictures as well as positive ones can be obtained.

“Q. Now, will you refer to example 1 of this patent commencing at page 2 of line 104 and state whether or not that refers to a process of manufacturing a positive diazo-type print?

“A. The first example refers to the manufacture of a positive diazo type print.

“Q. Does it refer to a developing liquid and, if so, what is that developing liquid?

“A. Yes it refers to a developer consisting of an alkaline solution of resorcinol.

“Q. What is the substance resorcinol?

“A. Resorcinol is a phenol.

“Q. Is it an azodyestuff component? [272]

“A. Yes.

“Q. In example 2 of this patent, page 2, line 119, what does that refer to, is that a process of developing?

“A. Example 2 gives the process of manufacturing a negative print.

“Q. Doctor, refer to the drawing of this apparatus shown on page 2 of this Gronau patent, Defendant's Exhibit D, and state to the Court how the diazo-exposed print is inserted into this apparatus, especially with respect to the position of the diazo surface.

“A. The sensitized surface of the diazo points up—when this sensitized paper is put into this slot here to be carried around the sensitized surface

(Testimony of Arthur Lazar.)

points up and when it arrives here the bottom of the paper points up.

“Q. In other words, the diazo sensitive surface on the upper part faces up when it enters the apparatus and when it egresses from the apparatus the diazo sensitive surface is down, is that correct?

“A. That is true.

“Q. So that if there was any excess of development liquid falling back along the roller marked 2 in this drawing the excess would fall not upon the diazo surface, but upon the back of the paper: Is that correct?

“A. Yes.

“Q. Now, I wish you would refer to claim 1 of this patent on page 2 of the translation and state whether or not that claim refers to a developing liquid or a developing of gaseous fumes.

“A. Claim 1 refers only to a developer liquid.

“Q. Doctor, is it your opinion that the Gronau apparatus can apply a uniformly thin film of a diazo liquid, say of the character shown in example 1 of the Kogel patent, comprising an alkali and an azodyestuff component upon a diazo layer in the form of a uniformly thin film? [273]

“A. Yes, I think it can perform that function.

Mr. HOFFMAN: I object to that because he has already admitted on cross-examination that he has never made a test, and so he really does not know.

Mr. WHITE: I asked him if it was his opinion.

The COURT: Yes, it may stand; exception.

(Testimony of Arthur Lazar.)

Recross Examination

“Q. Doctor, there is one more question I would like to ask you, and that is with respect to this Gronau patent. You have previously testified on cross-examination that when you put the print in here there is some excess of the liquid that falls off of the belt down this way and that excess, when it falls off, falls along the periphery and will land on here, and will eventually collect on the back of this print, here.

“A. As I remember, I think I testified that by the squeezing action the liquid which is squeezed out here goes back along the periphery of the roller.

“Q. The squeezing at the juncture point of the roller 3 and the large roller 2 causes the excess liquid to fall down and pass along the periphery of the roller 2 and hit the back of the print, with the print ejecting at this point, you say?

“A. Yes, but I remember only about the liquid being squeezed out here between the belt and the big roller and running down here; we did not talk about this other roller.

“Q. I would like to have you say whether this print, after it has passed around this roller and is ready to be ejected at the point 7, whether the exposed surface, the developed surface is also not wetted by this liquid that is on this belt, here.

The COURT: In other words, is there any liquid on that belt? [274]

(Testimony of Arthur Lazar.)

“A. Yes, there is a very small amount of liquid left on the belt, but the paper leaves the belt right at this place and is ejected here.

“Q. If it has some liquid it also is wetted on the developed surface in addition to being wetted on the back side?

“A. The paper was squeezed between the roller and the belt, and whatever liquid can stay on the belt is perhaps negligible.

The COURT: “Q. In other words, you think it is practically all squeezed out?

“A. Yes.

The COURT: “Q. And there would be no liquid touching the face of the paper?

“A. Yes, aside from the fact that the paper is carried out of the system, because it has this guide, here, which makes it lift up, away from the belt

“Q. I think you testified that the print which comes out of the Gronau apparatus is almost dry—you gave this testimony on page 200 of the record. Now, what I would like to know is whether, regardless of whether the back or the face of the print is wetted the print will not be almost dry as it is ejected from that slot 7?

“A. According to Gronau's statement it is pretty nearly dry.

“Q. Now, you have previously stated that there were millions of reducing agents, and you spoke of Houben-Weyl. You have testified that there were

(Testimony of Arthur Lazar.)

millions of reducing agents. Does that Hand-book list all such reducing agents, do you know?

“A. No, I did not say that, I did not say it lists all of them, but it gives typical examples of reducing actions and the type of reducing agent used for bringing about the reducing action.

The COURT: “Q. It does not mention thiourea?

“A. It does not mention thiourea. [275]

“Q. Does it mention carbon?

“A. Yes, I suppose it mentions it in some place. I looked specifically for thiourea, so I would not remember all of the individual reducing agents.

“Q. Because thiourea is not listed in this hand-book, that is not conclusive proof that it is not a reducing agent, is it?

“A. Well, I would not say that. But I should say that at least the group of compounds would be mentioned in which thiourea was.

“Q. In a hand-book of that character it is impossible to list all of the reducing agents which are now known and which will be discovered?

“A. Yes, I believe so.

“Q. In the future?

“A. I believe so.

“Q. It is impossible to list all of those, is it not?

“A. Yes, that is true. [276]

DEPOSITION OF DR. JOSEF LOEVENICH.

The following Deposition of Dr. Josef Loevenich was taken in Germany on written Interrogatories and Cross-Interrogatories under a Commission issued by the District Court to a Notary Public in Koln (Cologne), Germany. For convenience of the Record on Appeal the Interrogatories and Cross-Interrogatories and the respective Answers thereto have been rearranged in serial order and are approved as to form by attorneys for the parties without waiver of any rights as related to the substance of the Deposition.

ASA G. KAZEBEER,
ARLINGTON C. WHITE,
Attorneys for Defendants.

WRAY N. HOFFMAN,
WM. S. GRAHAM,
Attorneys for Plaintiffs.

My name is Dr. Josef Loevenich, 38 years old, residence Trajanstrasse 35, Cologne, Professor of Chemistry at the University of Cologne. I am both a citizen and resident of the German Republic. I am not familiar with the English language and particularly I am not familiar with the English language to such an extent that I can readily read and understand articles in the English language on chemical subjects without the use of a German-English Dictionary.

Begining in 1921 and until 1924 I was an assistant at the Chemical Institute of the University

(Deposition of Dr. Josef Loevenich.)

of Cologne; since 1925 I am Professor at the University of Cologne. My training was two special examinations for chemists and promotion to Ph.D on account of chemical dissertation. My experience with Diazo types has been that as Professor I was steadily reading lectures on organic dyestuffs and their application as well as courses in practical chemistry for students. Therefore, I had great opportunity to occupy myself with diazo compounds. Since 1929 I am also scientific and technical advisor for a large firm which manufactures Diazo print paper so that in this field also I have many years of experience. [277]

Interrogatory No. 5. Are you familiar with the preparation of diazo type paper generally and with developers therefor?

Answer. I am familiar with the preparation of diazo papers and developers therefor.

Interrogatory No. 6. Will you please state how, in general, diazo types are manufactured by the utilization of layers containing diazo compounds together with developers?

Answer. Diazo compounds and certain additional ingredients are dissolved in water and applied in a thin layer on paper, then dried and exposed to light under an original drawing, and after this, developed by a suitable equipment with a developer which consists of phenolic azo-components and soda or some other alkali.

(Deposition of Dr. Josef Loevenich.)

Interrogatory No. 7. Is it or is it not a fact that the background of diazo types, which are produced with some layers containing diazo compounds together with a developer, discolor after exposure and development?

Answer. It is a fact that the background of diazo types discolors sooner or later in storage, depending upon the kind of diazo compound and phenolic component used.

Cross-Interrogatories to Interrogatory No. 7

X 1. You are referring to positive diazo type prints, and to the white background of such prints, are you not?

Answer. Yes.

X 2. Positive diazo type prints may be produced by a process in which the exposed print, after treatment with the developer, is immediately allowed to dry, or is dried without previous or subsequent washing at all, or by a process in which the exposed print, after treatment with the developer, is washed thoroughly and then dried. Is that correct?

Answer. Yes.

X 3. The white background of positive diazo type prints which are produced by the process in which the exposed print, after treatment with the developer, is washed thoroughly and then dried, does not discolor to any noticeable extent because the washing removed the causes which result in the discoloration, namely, the decomposition product resulting from the decomposition of the diazo com-

(Deposition of Dr. Josef Loevenich.)

pound contained in the sensitive layer of the copying paper after exposure under the transparent [278] drawing of which a positive print is desired, and any excess of azo dyestuff coupling component and of alkali not used up in the development. Is that correct?

Answer. The washing alone does not prevent the paper from discoloring on long storage. The Phenol used for the developing as well as the Phenol formed from diazo compounds by light exposure can only be removed to a small extent, since Phenols similar to non-fading dyes are partially absorbed into the paper fibre.

X 4. The white background of positive diazo type prints which are produced by the process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, does discolor after a short period of time under normal conditions of keeping or storage, because the causes which result in the discoloration, namely, the decomposition product resulting from the decomposition of the diazo compound contained in the sensitive layer of the copying paper after exposure under the transparent drawing or picture of which a positive print is desired, and the excess of azo dyestuff coupling component and of alkali not used up in the development have not been removed. Is that correct?

(Deposition of Dr. Josef Loevenich.)

Answer. It is true that the cause of discoloration of the background of diazo types exists in the Phenol formed by the decomposition of diazo compounds by light exposure, as well as by the azo-component applied to the paper by the developer. In regards to alkali not used up in the developing process, it is to be remarked that this alkali excess is eliminated by suitable additions to the paper itself and to the solution of the diazo type compound. The papers therefore react acid shortly after the developing, whereby the tendency to yellow is considerably reduced.

X 5. Is it not a fact that this discoloration of the white background of positive diazo type prints exists only with positive diazo type prints which have been made by a process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, and that such discoloration takes place only after and during storage of such diazo type prints for record purposes?

Answer. In regard to the first part of this chapter, I refer to my answer to Point 3. In regard to the last part, I say that evidently such a discoloration of diazo prints takes place only on long storage. [279]

Interrogatory No. 8. Do you know whether or not means have been employed in the art of arresting the discoloration of the background of diazo types?

(Deposition of Dr. Josef Loevenich.)

Answer. I know that substances have been used to prevent discoloration of the background of diazo types.

Cross-Interrogatories to Interrogatory No. 8

X 1. You are referring to positive diazo type prints, and to the white background of such prints, are you not?

Answer. Yes.

X 2. Positive diazo type prints may be produced by a process in which the exposed print, after treatment with the developer, is immediately allowed to dry, or is dried without previous or subsequent washing at all, or by a process in which the exposed print, after treatment with the developer, is washed thoroughly and then dried. Is that correct?

Answer. Yes.

X 3. If your answer to this interrogatory is that "YOU DO KNOW", do you mean that you do know the means have been employed in the diazo type art for arresting the discoloration of the white background of positive diazo type prints obtained by either of the processes set forth in question X 2, or do you mean that you do know that means have been employed in the diazo type art for arresting the discoloration of the white background of positive diazo type prints obtained only by the process set forth in question X 2 in which there is no washing of the exposed print before or after said print is allowed to dry or is dried?

Answer. * * *.

(Deposition of Dr. Josef Loevenich.)

X 4. If your answer to question X 3 is that you mean that you do know that means have been employed in the diazo type art for arresting the discoloration of the white background of positive diazo type prints obtained only by the process set forth in question X 2 in which there is no washing of the exposed print before or after said print is allowed to dry or is dried, what is the specific means?

Answer. Such ingredients are chemical compounds.

X 5. Is the specific means a chemical compound or compounds, and if so, name such compound or compounds.

Answer. Such ingredients are Thiosulphate, Thiourea, and oxyacids such as Tartaric Acid and Citric Acid. [280]

X 6. If a chemical compound or compounds, is such compound or compounds employed in the art for the express purpose of arresting the discoloration of the white background of the finished positive diazo type print during normal conditions of storage or keeping?

Answer. Yes.

X 7. If a chemical compound or compounds, do or do not such compound or compounds, when present in the white background of the finished diazo type print, exhibit the combined properties of being a reducing agent and of being capable of arresting the discoloration of said white background during normal conditions of storage or keeping?

(Deposition of Dr. Josef Loevenich.)

Answer. Some of these ingredients are reducing agents; some are not.

X 8. If your answer to question X 7 is in the affirmative, is or is not such answer merely your opinion based upon your general knowledge of chemistry, or based upon actual tests, and if based on actual tests, describe in detail such tests and the results obtained.

Answer. The affirmative answer on Question No. 7 is not only my own opinion, which is based on general knowledge of chemistry, but it is also based on actual tests. I do not contest that Sodium Thio-sulphate, Tartaric Acid and Citric Acid react as reducing agents on the paper. As far as Thiourea is concerned, I have made the following test: When diazo compounds are exposed to light, it is known that Phenols are formed. As an example, p-Oxydiphenylamin is formed by the diazo compound p-Amenodiphenylamin. This p-Oxydiphenylamin oxidizes under the influence of air or light partially to Quinonmonoanil, which is yellow to brownish in a thin layer on the paper, and as a substance is of a red color.

Formula — $\langle \text{---} \rangle$ — N = $\langle \text{= =} \rangle$ = O

This colored oxidation product causes the undesirable discoloration of the background on light-exposed and developed diazo types. Thiourea does not prevent this discoloration by reducing the oxydation compound, but by primarily entering into an addition compound with the p-Oxydiphenylamin. This

(Deposition of Dr. Josef Loevenich.)

addition compound is much less susceptible to oxidation by light. In order to find out whether Thiourea acts as a reducing agent or not, I have made the following test in a test tube. I have added to an aqueous hydro-chloric suspension of p-Oxydiphenylamin, a solution of hydrogen peroxide, whereby the solution is colored dark green, and the undissolved p-Oxydiphenylamin turns black. Then I made another experiment, in which I [281] added to the hydrochloric suspension a certain amount of Thiourea prior to the solution of hydrogen peroxide. In this case neither a green coloration of the solution, nor blackening of the undissolved p-Oxydiphenylamin took place, not even when I added hydrogen peroxide in excess. If Thiourea were a reducing agent, the hydrogen peroxide would oxidize first the Thiourea, and after this the p-Oxydiphenylamin. A green coloration of the solution should then take place, but this was not the case. Therefore, Thiourea cannot be a reducing agent.

X 9. If your answer to question X 7 is in the affirmative, state how such compound or compounds have been introduced into the white background of the finished positive diazo type prints. By this is meant at what stage or stages in the process of making the diazo type prints is such compound or compounds introduced.

Answer. The introduction of such components takes place both on applying the diazo solution to the paper (Thiourea, Tartaric Acid, Citric Acid) or

(Deposition of Dr. Josef Loevenich.)

when the developing solution is applied on the light-exposed print (Thiourea, Thiosulphate).

X 10. Are your answers to questions X 4, X 5, and X 9, based upon knowledge gained prior to or after February 10, 1927?

Answer. I acquired this knowledge after February 10th, 1927. It was not until 1929 that I occupied myself with the manufacture of diazo types.

X 11. If your answer to question X 10 is "UPON KNOWLEDGE GAINED PRIOR TO FEBRUARY 10, 1927", name the publication or publications, that is, patent or periodical, or both, which disclose the addition of means for arresting the discoloration of the white background of the finished positive diazo type print, date or dates of publication, and where found.

Answer. The application of Tartaric and Citric Acids is already described in the Danish Patent 33465 of November 16, 1922, published June 21, 1924. The use of Thiourea for diazo types for the prevention of the yellowing of the background has been disclosed for the first time by the German Patent Application of Kalle and Company No. K-108076, published August 11, 1928 (German Patent No. 526370 published May 6, 1931. Furthermore, in December 1928 it is described in the periodical "Journal de la Drogerie et la Revue Chimique, Bruxeues", Page 553, that Thiourea can be used for the prevention of the discoloration of the background. The use of other ingredients for arresting discoloration of the white background of finished

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positive diazo types has become known to me from Patents and Applications of the Van der Grintens.

[282]

Interrogatory No. 9. In United States Letters Patent No. 1,821,281, issued on September 1, 1931, it is stated that: "The invention is based on the observation that the discoloration of the background in all kinds of diazotype processes can be prevented even for extended periods if a reducing agent is added to the sensitive layer, or during or after development of the picture. Preferred reducing agents are organic substances such as aldehydes, amino compounds, aliphatic amido-compounds, poly-oxy-compounds or the like, and the reducing agents are preferably used together with very small quantities of the substances with catalytic action defined as 'anti-oxygenes' by Moureau", now will you please state whether you are familiar with the use in diazo type processes of means or agents of the character referred to in the above quoted excerpt from the aforementioned Letters Patent?

Answer. The content of U. S. A. Patent #1,821,281 is known to me from translation. I am familiar with the application of the ingredients cited in the Patent #1,821,281, in Question #9. However, I would like to emphasize that several of the cited compounds, as for instance amino compounds, and others, are not reducing agents, and that on the other hand real reducing agents cannot prevent the discoloration of the paper.

Interrogatory No. 10. Are you familiar with the use of substances, other than those mentioned in

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the last interrogatory, for arresting the discoloration of the background of diazo type prints and, if so, kindly state these substances?

Answer. Yes, these substances are Thiourea, Formaldehyde and its derivatives, as well as Tartaric Acid and Citric Acid.

Cross-Interrogatories to Interrogatory No. 10.

If your answer to this interrogatory is in the affirmative, please answer the following interrogatories.

X 1. Is your answer merely your opinion based on your general knowledge of the diazo type art?

Answer. Yes. [283]

X 2. Is your answer based upon actual tests with each and every one of the substances which you may have named, and if so, describe in detail each test and result obtained.

Answer. Yes. I have made such innumerable tests during the last 5 years with these substances that it is impossible to cite them all. All of these tests show that the substances named by me in the answer to Question #10 can arrest the discoloration of the background of diazo types on longer or shorter storage.

X 3. Do each and every one of the substances which you may have named exert the combined properties of being a reducing agent and of being capable of arresting under normal conditions of storage or keeping, the discoloration of the white background of the finished positive diazo type print, when present in such background?

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Answer. No. Not all substances are also simultaneously reducing agents.

X 4. If your answer to question X 3 is in the affirmative, is or is not such answer merely your opinion based upon your general knowledge of the diazo types, or based upon actual tests, and if based on actual tests, describe in detail such tests and the results obtained.

Answer. * * * .

X 5. If your answer to question X 3 is in the affirmative, is or is not such answer based upon your general knowledge of the diazo types gained prior to or after February 10, 1927?

Answer. * * * .

X 6. If your answer to question X 5 is "UPON KNOWLEDGE GAINED PRIOR TO FEBRUARY 10, 1927", name the publication or publications, that is, patent or periodical, or both, which disclose the use of any of the named substances for arresting the discoloration of the white background of the finished diazo type print, date or dates of publication, and where found.

Answer. * * * .

If you have named tartaric acid as one of the substances, please answer the following questions:

[284]

X 7. In the prior art, there is described a process for making positive diazo type prints which comprises applying to a paper a light-sensitive layer

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containing the diazo compound, an azo dyestuff coupling component and tartaric acid, exposing the sensitive layer under a transparent positive drawing or picture of which a print is desired, and developing the exposed layer with an alkali solution. Is not this process your basis for naming tartaric acid as a substance for arresting the discoloration of the background of diazo type prints?

Answer. Yes.

X 8. In the process as set forth in question X 7, where the sensitive layer contains both the diazo compound and the azo dyestuff coupling component, it is necessary to have acid present in the layer to make it acid in order to prevent the diazo compound and the azo dyestuff coupling component reacting together to form a dyestuff (color) and thus destroy the light-sensitivity of the layer. Is that correct?

Answer. Yes.

X 9. If the light-sensitive layer of the process as described in question X 7 were neutral or alkaline, the diazo compound and the azo dyestuff coupling component would react together to form a dyestuff (color) and thus destroy the light-sensitivity of the layer. Is that correct?

Answer. Yes.

X 10. Is it not a fact that the tartaric acid present in the sensitive layer of the process set forth in question X 7 is for the express purpose of retaining both the diazo compound and the azo dyestuff coupling component in their original state,

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that is, preventing the premature coupling of the diazo compound with the azo dyestuff coupling component?

Answer. No. Tartaric Acid does not serve for keeping the paper on the acid side and thus preventing a premature coupling, but it serves in the first place to diminish the discoloration of the background. If Tartaric Acid would serve only the first named purpose, it could be replaced by much cheaper acids or acid salts, such as Boric Acid, Potassium-Bisulphate, etc. However, with the latter compounds discoloration of the background of diazo types is not arrested.

X 11. Is it not a fact that the quantity of tartaric acid present in the sensitive layer of the process set forth in question X 7 is just sufficient to make the layer acid? [285]

Answer. The quantity of Tartaric acid used is without consequence.

X 12. Is or is not the small quantity of tartaric acid present in the sensitive layer for preventing premature coupling of the diazo compound with the azo dyestuff coupling component, of the process of making positive diazo type prints as set forth in question X 7, used up entirely in the development with alkali, and so there is no tartaric acid present in the background of the finished print?

Answer. The Tartaric Acid is converted into Alkali Tartrate during the developing process so that Tartaric Acid is not used up but only deprived of

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its acid character by formation of a salt. This could be confirmed with tests because by treating the developed print with water I could always prove the presence of Tartaric Acid salts.

X 13. If your answer to question X 12 is "IT IS NOT", is such answer merely your opinion, or is it based upon actual test, and if based on actual test, describe in detail the tests made and the results obtained?

Answer. See answer to preceding question.

X 14. Does or does not the white background of the positive diazo type print, made by the process as set forth in question X 7, discolor when stored for extended periods under normal conditions of keeping, as by placing the print in a desk drawer, in a filing cabinet or the like?

Answer. The white background discolours much slower in storage in the presence of Tartaric Acid than without Tartaric Acid.

X 15. If your answer to question X 14 is "IT DOES NOT", is such answer merely your opinion, or is it based upon actual test, and if based on actual test, describe in detail the tests made and the results obtained.

Answer. I have made prints with and without Tartaric Acid. When these prints are exposed to the daylight, or when they are stored for some time in the dark, the ones with Tartaric Acid discolor much less than the ones without Tartaric Acid.

If you have named formaldehyde as one of the substances, please answer the following questions:

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X 16. In the prior art, there is described a process for making positive diazo type prints which comprises sizing the paper with gelatine, hardening the gelatine with formaldehyde, applying to a surface of the sized paper a sensitive layer containing diazocarbazol as the diazo compound, exposing the sensitive layer under a transparent positive drawing or picture of which a print is desired, and developing the exposed layer with an alkaline liquid containing an azo dyestuff coupling component. Is not this process your basis for naming formaldehyde as a substance for arresting the discoloration of the background of diazo type prints?

Answer. Yes.

X-17. In the process as set forth in question X 16, is it not true that the formaldehyde is for the express purpose of hardening the gelatine sizing?

Answer. Formaldehyde was first added for this purpose only. Any excess present affects the background after the developing of the paper and prevents its discoloration as mentioned in the literature.

X 18. Is it not also true that in the process as set forth in question X 16, the quantity of formaldehyde used is only that required to effect the hardening of the gelatine sizing?

Answer. No, because the quantity of formaldehyde necessary for hardening of the gelatin layer cannot be determined accurately, so that there is mostly an excess present.

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X 19. Does or does not the white background of the positive diazo type print, made by the process as set forth in question X 16, discolor when stored for extended periods under normal conditions of keeping, as by placing the print in a desk drawer, in a filing cabinet and the like?

Answer. The discoloration of the background is prevented for a short time by formaldehyde. However, not nearly as well nor as permanently as by other substances.

X 20. If your answer to question X 19 is "IT DOES NOT", is such answer merely your opinion, or is it based upon actual test, and if based on actual test, describe in detail the tests made and the results obtained. [287]

Answer.

Interrogatory No. 11. Will you please define the substance thiocarbamide?

Answer. Thiourea is the diamid of the hypothetical Thio-carbonic Acid.

Interrogatory No. 12. Is thiocarbamide also known as thiourea?

Answer. Yes.

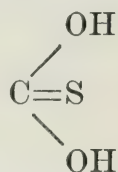
Interrogatory No. 13. Is thiocarbamide an aldehyde?

Answer. No.

Interrogatory No. 14. Is thiocarbamide an amino compound?

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Answer. Thiourea is the diamid of the hypothetical Thio-carbonic Acid of the Formula



It is also a diamid and not an amino or amido compound in the strict sense of the word.

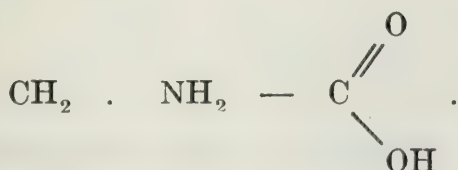
Cross-Interrogatories to Interrogatory No. 14

If your answer to interrogatory No. 14 is "NO", please answer the following interrogatories.

X 1. In your country, the terms "amino compound" and "amido compound" have different meanings. Is that correct?

Answer. In our country, these expressions do not differ in their significance.

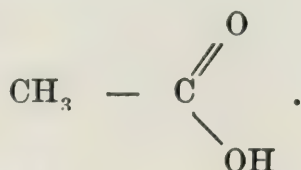
X 2. In your country, the term "amino compound" means a compound in which the amino —NH₂—group is attached to a radical other than an acid radical, as for example, amino acetic acid of the formula



Is that correct?

Answer. This is correct.

X 3. Amino asetic acid is a derivative of acetic acid of the formula

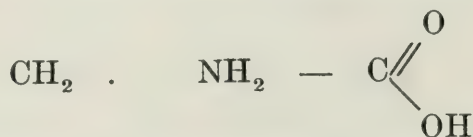


Is that correct?

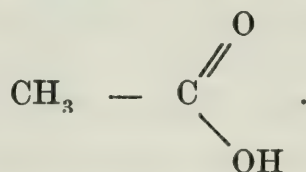
Answer. Yes.

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X 4. Is it not a fact that the only difference between amino acetic acid of the formula



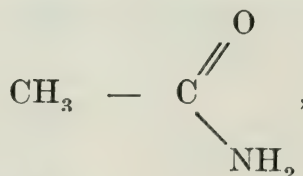
and acetic acid of the formula



is the substitution of the amino— NH_2 group for one of H's of the alkyl radical (CH_3), a radical other than an acid radical, in acetic acid?

Answer. This is a fact.

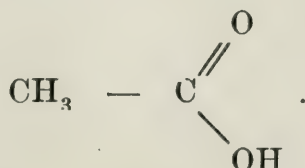
X 5. In your country, the term “amido compound” means a compound in which the amino— NH_2 group is a part of a radical of acid character, as for example, acetamide of the formula as follows:



Is that correct?

Answer. No. We designate such compounds as acid amids.

X 6. Acetamide is a derivative of acetic acid of the formula

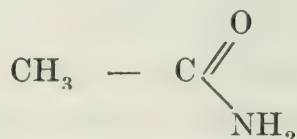


Is that correct?

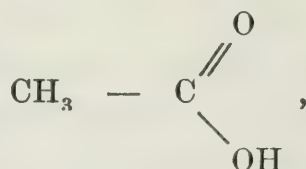
(Deposition of Dr. Josef Loevenich.)

Answer. Yes.

X 7. Is it not a fact that the only difference between acetamide of the formula

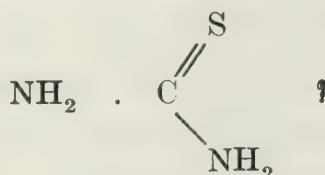


and acetic acid of the formula



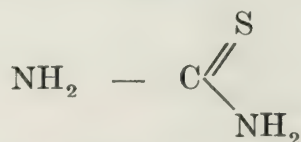
is the substitution of the amino group NH_2 for the hydroxyl oxygen (OH) in the carboxyl acid radical $-\text{COOH}$ of acetic acid? [289]

X 8. Is it not a fact that thiocarbamide (thiourea) is also known as amino thio formic acid amide which amide has the constitution formula of



Answer. No.

X 9. Is it not a fact that amino thio formic acid amide and thiocarbamide (thiourea) have the same constitution formula, namely



and so are one and the same compound?

Answer. Yes. These compounds although having the same constitutional formula need not be the

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same compounds because when the hydrogen directly connected with the carbon-atom in Formic Acid is substituted by NH_2 we are dealing with a genuine amino acid. However, this amino acid does not split off ammonia when treated with alkali. Therefore, if Thiourea were a derivative of the amino Thioformic acid, it should split off only 1 amino group when treated with alkali, namely, the one which has substituted the Hydroxyl group next to the Carbon-atom. Contrary to this, Thiourea when treated with alkali is saponified to Potassium Carbonate, Potassium Sulphydrate, Potassium thiocyanate and Ammonia. Hence a saponification takes place here which never happens with Aliphatic amino compounds and amino acids. This saponification is solely characteristic of acid amids. Incidentally, I would like to state that it has not been possible as yet to prepare amino Thioformic acid.

X 10. Is it not a fact that amino thioformic acid amide is a derivative of formic acid which acid has the formula, namely, H.COOH ?

Answer. Yes.

X 11. Is it not a fact that formic acid is made up of a carboxyl acid— COOH group and the element hydrogen commonly designated by the symbol H which is not a part of said carboxyl— COOH group?

Answer: Yes. [290]

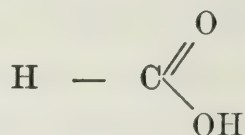
X 12. Is it not a fact that the carboxyl COOH group consists of a carbonyl oxygen, and O next

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to the C in the carboxyl group, and the hydroxyl oxygen designated by the symbol OH?

Answer. Yes.

X 13. The structural formula of formic acid is



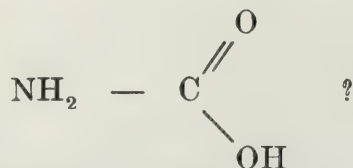
Is that correct?

Answer. Yes.

X 14. The formula given in question X 13 shows that C (Carbon) has four bonds, all of which are satisfied. Is that correct?

Answer. Yes.

X 15. Is it not a fact that amino thio formic acid amide is a derivative of amino formic acid which acid has the constitution formula of

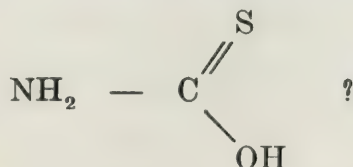


Answer. Yes.

X 16. Is it not true that amino formic acid is also known as carbamic acid?

Answer. Yes.

X 17. Is it not true that amino thio formic acid amide is a derivative of amino thio formic acid which acid has the constitution formula of



Answer. Yes.

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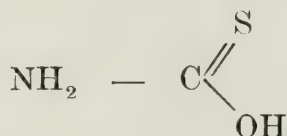
X 18. Is it not a fact that the constitution formula given in question X 17 is that of amino-mono-thio formic acid, and that sulfur, commonly designated by the symbol S, has replaced the carbonyl oxygen of the carboxyl—COOH group?

Answer. Yes.

X 19. Is it not a fact that the only difference between the amino formic acid of the formula set out in question X 15 and the amino thio formic acid of the formula set out in question X 17 is the substitution of sulfur (S) for the carbonyl oxygen O, the O opposite the double bond in the formula of amino formic acid?

Answer. Yes. [291]

X 20. Is it not true that amino thio formic acid of the formula



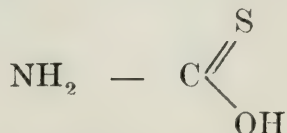
is also known as thiocarbamic acid?

Answer. Yes.

X 21. Is it not a fact that in amino formic acid of the formula of



and in amino thio formic acid of the formula of

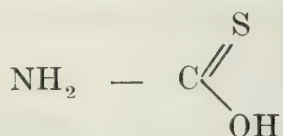


the NH₂ amino group is not a part of the acid radical?

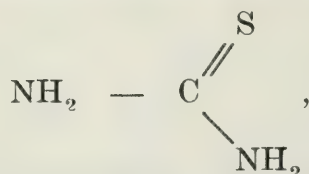
Answer. Yes.

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X 22. Is it not a fact that the only difference between amino thio formic acid of the formula



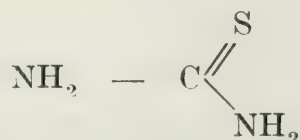
and amino thio formic acid amide of the formula



is the substitution of the group NH_2 for the hydroxyl oxygen (OH), the OH opposite the single bond in the formula of amino thio formic acid?

Answer. Yes.

X 23. Is it not a fact that in amino thio formic acid amide of the formula



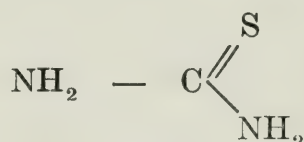
there is an amino NH_2 group which is not a part of the acid radical and another amino NH_2 group which is a part of the acid radical?

Answer. It is theoretically correct that in the amino Thioformic-acid-amid one amino group functions as a part of the acid radical and another NH_2 group is not a part of this acid radical. The amino Thioformic acid, however, is by no means identical with Thiourea, because in this case the 2 amino groups in the Thiourea would have to show dis-

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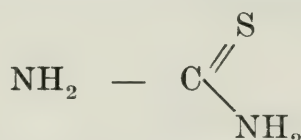
tinctly different reactions which is not the case. This has already been discussed in Point 9 of Question 14. (See behavior of Thiourea against Potassium Hydroxide.) [292]

X 24. Is it not a fact that a compound such as amino thio formic acid amide of the formula



which has one amino NH_2 group that is not a part of the acid radical, and another amino NH_2 group that is a part of the acid radical, may be correctly termed either an amino compound or an amido compound?

Answer. Yes, if the compound of the formula



is considered as amino Thioformic acid amid. This compound, however, exists only as Thiourea, which is known, as mentioned in item 9, to react like a regular acid amid, and not like an amino acid and an acid amid simultaneously.

X 25. Please state whether or not in the United States the terms "amino compound" and "amido compound" have the same meaning as in your country?

Answer. I assume that this is right, because according to the Geneva Nomenclature there is no difference between amino and amido compounds.

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X 26. Please state whether or not in the United States the terms "amino compound" and "amido compound" are used interchangeably and hence mean one and the same thing.

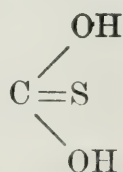
Answer. See preceding answer.

X 27. Is it not a fact that thiocarbamide is an aliphatic compound?

Answer. Yes.

Interrogatory No. 15. Is thiocarbamide an aliphatic amido-compound?

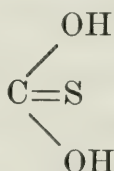
Answer. Thiourea is not an Aliphatic Amino compound, but the acid diamid of the hypothetical Thio-carbonic acid of the formula



It also is in line with the chemical behavior of Thiourea that it must be considered a derivative of this hypothetical Thio-carbonic acid because the two Hydroxyl groups are substituted by the NH_2 groups, [293] the same as in any acid amid. As an example, when Alkalis such as Potassium Hydroxide act on acid amid, the NH_2 group is saponified and substituted by the Hydroxyl group under reformation of the original acid and free ammonia. Thiourea shows the same behavior when treated with Potassium Hydroxide, whereby Ammonia, Potassium Carbonate, Potassium Sulph-hydrate and Potassium Thiocyanate are formed. The latter prod-

(Deposition of Dr. Josef Loevenich.)

ucts have to be considered as the decomposition products of the Thiocarbonic acid of the formula



which in itself has never been isolated.

Interrogatory No. 16: Is thiocarbamide a poly-oxy-compound?

Answer. No.

Interrogatory No. 17. Is thiocarbamide a reducing agent in the general chemical sense and explain your answer.

Answer. No. Thiourea is not a reducing agent in the general chemical sense, because Thiourea does not show the reactions which are generally characteristic of reducing agents; for instance, it does not reduce Ammoniacal Silver Nitrate solution and Mercuric Chloride solution. Not even Chromium Chloride solutions or Palladium Chloride solutions are reduced when heated. Thiourea only forms salt-like addition compounds with these salts, but does not reduce them in any way. Also, in the handbooks of Organic Chemistry, as for instance in Houben-Weyl Methods of Organic Chemistry, Thiourea is not mentioned in the group dealing with reducing agents.

Cross-Interrogatories to Interrogatory No. 17

If your answer to interrogatory No. 17 is "NO", please answer the following interrogatories:

(Deposition of Dr. Josef Loevenich.)

X 1. Is your statement that thiocarbamide is not a reducing agent in the general chemical sense merely your opinion?

Answer. No.

X 2. Is your statement that thiocarbamide is not a reducing agent in the general chemical sense supported by any well known chemical authorities, and if so, name such authorities? [294]

Answer. From the fact that in the handbooks of Organic Chemistry, in Houben-Weyl Methods of Organic Chemistry, under table of reducing agents, Thiourea is not cited at all, it is evident that Thiourea is not a reducing agent in the general chemical sense. I would like to state that in this fundamental publication of organic chemistry, all reducing agents are enumerated which ever have been or could be used in organic chemistry. The contributors to this handbook of Organic Chemistry by Houben-Weyl are the foremost scientists of chemistry in Germany.

X 3. Is your statement that thiocarbamide is not a reducing agent in the general chemical sense based upon actual tests, and if so, describe in detail the tests and the results obtained.

Answer. Thiourea is not a reducing agent either in the general chemical sense or in this special case, in diazo type processes. This, my opinion, is supported by the following test. Thiourea does not give reactions generally characteristic of reducing agents; as an example, it does not reduce Ammo-

(Deposition of Dr. Josef Loevenich.)

niacal Silver Nitrate solution, or Mercuric Chloride solution. Not even Chromic Chloride solutions of Palladium Chloride solutions when heated. Thiourea gives with these salts only salt-like addition compounds but does not reduce them in any way. Also in the handbooks of Organic Chemistry, for instance in Houben-Weyl Methods of Organic Chemistry, Thiourea is not mentioned in the group of reducing agents. From the following test it is evident that Thiourea does not act as a reducing agent in diazo prints either. It is known that on exposure to light a Phenol is formed from the Diazo compound applied on the paper. As an example, p-Oxydiphenylamin is formed from the diazo compound of p-Aminodyphenylamin. This p-Oxydiphenylamin oxidizes under the influence of light, partially to Quinonmonoanil of the Formula—



which in a thin layer on paper is yellow to brownish, but as a substance has a red color. This colored oxidation compound causes the discoloration of the background which is so undesirable in light-exposed and developed diazo types. Thiourea prevents this discoloration, not by reducing this oxidation product, but by entering primarily into an addition compound with p-oxidiphenylamin. This addition compound is much less susceptible to oxidation under light. Similar addition compounds of Thiourea, for instance with Oxalic Acid or Oxalic Acid Diethylester have been described by Nencki, Berichte 7,780.

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That this, my opinion, is correct, is evident from the following test which can be made in a test tube. The oxidation of [295] p-Oxydiphenylamin to Quinonmonoanil and other colored compounds can also be accomplished by hydrogen peroxide in hydrochloric solution. When hydrogen peroxide is added to an aqueous hydrochloric suspension of p-Oxydiphenylamin, the solution turns dark green, and the undissolved p-Oxydiphenylamin turns black. However, when Thiourea is previously added to the hydro-chloric suspension, hydrogen peroxide can be added ad libitum without a green respectively black coloration taking place. If Thiourea were a reducing agent, the hydrogen peroxide would first oxidize the Thiourea, and an excess of hydrogen peroxide after this would oxidize the p-Oxydiphenylamin. Since, however, even with a great excess of hydrogen peroxide, no oxidation of the p-Oxydiphenylamin takes place, Thiourea cannot be a reducing agent. When glucose is added instead of Thiourea to the hydrochloric suspension of p-Oxydiphenylamin, and after this hydrogen peroxide in excess, an oxidation of the p-Oxydiphenylamin takes place just the same, noticeable by the discoloration of the solution and a blackening of the undissolved p-Oxydiphenylamin. The same thing happens when Sodium Thiosulphate is added instead of glucose. This proves that the latter ones are actually reducing agents and also act on paper as such, contrary to Thiourea, which is no reducing agent, and does not act as such.

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X 4. Is it not a fact that a substance which can change the metal of a metal salt from the higher to the lower valence, as for example the cupric copper of a valence of two (2) to the cuprous copper of a valence of one (1), is a reducing agent?

Answer. Yes.

X 5. Is it not a fact that when an aqueous solution of glucose to which potassium hydroxide has been added is mixed with a solution of cupric sulfate of the formula of CuSO_4 , a deep blue liquid is obtained, and that when said blue liquid is boiled, a bright red precipitate of cuprous oxide of the formula of Cu_2O is deposited and the liquid becomes entirely colorless if sufficient glucose is present?

Answer. Yes, for glucose is a typical reducing agent.

X 6. Is it not a fact that the reaction set forth in question X 5 shows that glucose reduces the cupric copper of a valence of two (2) to the cuprous copper of a valence of one (1), and that therefore, glucose is a reducing agent? [296]

Answer. Yes.

X 7. Is it not a fact that the reaction set forth in question X 5 is a well known test for showing that glucose is a reducing agent?

Answer. Yes.

X 8. Is it not a fact that the reduction of the cupric copper of a valence of two (2) to the cuprous copper of a valence of one (1) is more easily effected in an alkaline or basic medium than in an acid medium?

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Answer. Yes.

X 9. In the reaction set forth in question X 5, the reduction of the cupric copper to cuprous copper is effected in an alkaline medium, that is, the medium or liquid is alkaline because of the presence of the base or alkali potassium hydroxide. Is that correct?

Answer. Yes.

X 10. Is it not true that thiocarbamide, when treated with certain metal salts, forms addition compounds consisting of thiocarbamide and the metal salt?

Answer. Yes, such compounds are known in great numbers.

X 11. Does or does not thiocarbamide, when treated with cupric chloride, form an addition compound consisting of thiocarbamide and said chloride?

Answer. Yes.

X 12. If your answer to question X 11 is "IT DOES NOT", is or is not such answer merely your opinion based upon your general knowledge of chemistry?

Answer. * * *

X 13. If your answer to question X 11 is "IT DOES NOT", is or is not such answer supported by authorities, and if so, name such authorities?

Answer. * * *

X 14. If your answer to question X 11 is "IT DOES NOT", is or is not such answer based upon

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actual tests, and if so, describe in detail such tests and the results obtained?

Answer. * * * [297]

X 15. If your answer to question X 11 is "IT DOES", does or does not the addition compound consist of thiocarbamide and cupric chloride of the formula $\text{CSN}_2\text{H}_4.\text{CuCl}_2$, or of thiocarbamide and cuprous chloride of the formula $\text{CSN}_2\text{H}_4.\text{CuCl}$?

Answer. In the literature only addition compounds of Thiourea and Cuprous Chloride of the Formula $\text{CSN}_2\text{H}_4 \text{ CuCl}$ are described.

X 16. If your answer to question X 15 is that the addition compound consists of thiocarbamide and cupric chloride of the formula $\text{CSN}_2\text{H}_4.\text{CuCl}_2$, is or is not such answer merely your opinion based upon your general knowledge of chemistry?

Answer. * * *.

X 17. If your answer to question X 15 is that the addition compound consists of thiocarbamide and cupric chloride of the formula $\text{CSN}_2\text{H}.\text{CuCl}_2$, is or is not such answer supported by any authorities or based upon actual tests, and if so, name such authorities or describe in detail such tests and the results obtained from the tests.

Answer. * * *.

X 18. Do you or do you not know that when a solution of thiocarbamide of the formula CSN_2H_4 is mixed at ordinary temperature with the blue colored solution of cupric chloride of the formula CuCl_2 , a white precipitate consisting of the addition

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compound of thiocarbamide and cuprous chloride of the formula $\text{CSN}_2\text{H}_4\cdot\text{CuCl}$ is deposited in an acid solution, and the color of the supernatant liquid (solution) changes from a blue to a colorless color?

Answer. It is known to me when adding to Thiourea an aqueous solution of Cupric Chloride a white precipitation is formed which consists of the addition compound of Thiourea and Cuprous Chloride. The fact that the super-natent liquid is not colored blue anymore is by no means due to the fact that cupric chloride present in excess is reduced to cuprous chloride but it is due to the fact that equi-molecular quantities have been used and therefore no copper ion is left in the solution. If an excess of Cupric Chloride is used, the blue color is retained after adding less than the equi-molecular quantity of Thiourea. This proves that the addition compound of Thiourea and Cuprous Chloride is formed, but that beyond this point a reduction of Cupric Chloride by Thiourea is out of the question. I would like to mention further that Cuprous Chloride is completely insoluble in water. [298]

X 19. Even if your answer to question X 18 is "YOU DO NOT KNOW", or "YOU DO KNOW", is or is not the change in color of the cupric chloride solution in the reaction set forth in question X 18, from a blue to a colorless color, analogous to the same change in color of the solution of cupric

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sulfate in the reaction set forth in question X 5; does or does not this change in color indicate a reduction of the cupric copper ion to the cuprous copper ion; and does or does not this reduction of copper establish that thiocarbamide is a reducing agent?

Answer. As already mentioned in the answer to question #18, there is by no means involved a reduction of the Cupric Chloride solution by Thiourea, but merely a formation of a complex compound in which the valence of the copper ion is very questionable. See also the publication of Kohlschutter and Brittlebank *Annalen der Chemie* 349, 232 (1906) and the publication of Pfeiffer about Organic Molecular Compounds, and his work published in 1922 under the same name. Alone from the fact that no oxidation product of Thiourea can be found in the solution, it is evident that no reduction is involved. In adding Thiourea to Cupric Chloride solution, and after the removal of the white precipitation consisting of an addition compound of Thiourea and Cuprous Chloride, oxidation products of Thiourea such as Sulphur, Carbon Dioxide and Ammonia should be found. However, neither myself nor other scientists have been able to find any proof of the presence of such oxidation compounds. Alkaline Cupric Sulphate solution shows an entirely different behavior towards Glucose; a reaction which is referred to in Question #5 and at this time. Glucose undoubtedly acts as

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a reducing agent on alkaline Cupric Sulphate solution, inasmuch as it precipitates red Cuprous oxide. The Glucose itself is hereby oxidized to the corresponding sugar acids, Gluconic Acid and Mannonic Acid, as well as various other oxidation products such as Carbon Dioxide and Formic Acid, which all have been found and identified. (Net, *Annalen der Chemie* 357 page 259, 1907.) Therefore, it is perfectly erroneous to regard these two reactions as equivalent.

X 20. Is it not a fact that it is more difficult to reduce the cupric salts in an acid medium than in an alkaline medium?

Answer. This question is superfluous because in an acid medium a reduction of Cupric Salts by organic substance is not known at all. [299]

X 21. Is it not a fact that a substance which can reduce the cupric salts in an acid medium is a good reducing agent?

Answer. If actually Thiourea were a reducing agent, the question would come up why other metal salt solutions which generally are much more easily reduced than cupric Chloride solutions are not reduced by Thiourea. I am referring here in the first place to Palladium Chloride solution, Alkaline Cupric Sulphate, Platinum Chloride and Ammoniacal Silver Nitrate solutions, and Gold Chloride solutions. It seems that the peculiar tendency of Cuprous Chloride to form complex compounds has a great deal to do with the peculiar reaction between

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Cupric Chloride solution and Thiourea solution, so therefore this reaction cannot be classified as a reduction.

X 22. Assuming that the reaction set forth in question X 18 is correct, does or does not such reaction show that thiocarbamide reduces a cupri (cupric) salt to a cupro (cuprous) salt in an acid medium?

Answer. The answer to this question could be dispensed with, because it has already been answered in Question #21.

X 23. Do you or do you not know that when the white precipitate, consisting of the addition compound of thiocarbamide and cuprous chloride of the formula $\text{CSN}_2\text{H}_4\cdot\text{CuCl}$ which is formed in the reaction set forth in question X 18, is boiled with diluted ammonia, it is decomposed into cyanamide and hydrochloric acid and cuprous sulfide, the cuprous sulfide, being deposited as a black precipitate?

Answer. The reaction here cited hardly proves that in the addition compound of Thiourea and Cupric Chloride, Cuprous Chloride is involved, because Thiourea is already saponified by heating with dilute ammonia.

X 24. Even if your answer to question X 23 is "YOU DO NOT KNOW", or "YOU DO KNOW", would or would not the formation of black cuprous sulfide resulting from the decomposition reaction set forth in question X 23 establish that the copper

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of the addition compound of thiocarbonate and copper chloride is the cuprous copper of a valence of one (1); and would or would not this also establish that thiocarbamide is a reducing agent?

Answer. No. Proof given in answer to Question #23. [300]

X 25. You are familiar with the publication *Berichte der Deutschen Chemischen Gesellschaft*, are you not?

Answer. Yes.

X 26. This *Berichte* publication is a treatise on Chemical compounds, is it not?

Answer. Yes.

X 27. This *Berichte* publication is recognized by chemists generally as an authoritative work on the subject of chemistry, is it not?

Answer. Yes.

X 28. Any description of a particular compound and its properties appearing in this *Berichte* publication would be accepted as an established fact. Is that correct?

Answer. The description of organic compounds and their properties in "*Berichte*" are considered as facts as long as they are not disproved by later research.

X 29. If the reactions set forth in questions X 18 and X 23 were described in this *Berichte* publication, such reactions would be accepted by chemists as established facts. Is that correct?

Answer. Even if the reactions propounded in Question #18 and #23 would have been described

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in "Berichte", scientists are entitled to interpret the reactions published according to their own conceptions, which might be different from those of the author of the publication.

Interrogatory No. 18. Is thiocarbamide a reducing agent in its action as an accessory material either in a light-sensitive layer applied on diazo type paper, or in a developer for such paper, or in the diazo print itself? Will you explain your answer?

Answer—Thiourea is neither a reducing agent in the general chemical sense, nor is it a reducing agent in special cases where it is added to a light sensitive layer consisting of diazo compounds, or in a developer for such paper, or in the diazo print itself. [301]

Interrogatory No. 19. Does thiocarbamide, when introduced into diazo type prints either by adding to the sensitive layer, to the developer therefor, or after development, arrest discoloration of the background of the diazo type prints and, if so, will you please state what reaction takes place by its introduction?

Answer. Yes, Thiourea prevents discoloration, for which I give the following explanation:

When Thiourea is added in appreciable quantities to the light sensitive layer of a diazo type paper, or when a developing liquid containing Thiourea is used for developing a light-exposed diazo type paper, it is found that in many cases the yel-

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lowing which takes place afterwards can be diminished appreciably. It is known that the same action can be obtained by adding the reducing agent Sodium Thiosulphate to the developer liquid used for the light-exposed diazo type paper. (I mention here only Thiosulphate as a reducing agent because all other reducing agents are practically useless when added to the light sensitive layer or the developer. Furthermore, in cases where they are usable, their action in the retarding of the yellowing of developed diazo prints is much inferior to that of both of the above-mentioned ingredients (Thiourea, Sodium Thiosulphate.)

It is evident from the following explanation that Thiourea does not act as a reducing agent in the reaction under discussion. It is known that the diazo compound on the paper is converted into a Phenol by exposure to light. As an example, p-Oxydiphenylamin is formed from the diazo compound of p-Aminodiphenylamin. This p-Oxydiphenylamin oxidizes under the influence of light, partially to Quinonmonoanil of the Formula—



which on paper in a thin layer appears yellow to brownish, but which in substance is of a red color. This colored oxidation product causes the very undesirable discoloration on the light-exposed and developed diazo type. Thiourea by no means prevents this discoloration by reducing the oxidation

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product, but by primarily entering into an addition compound with p-Oxydiphenylamin. This addition compound later is very much less oxidizable under the influence of light. Similar addition compounds of Thiourea, as an example with Oxalic Acid or Oxalic Diethylester have been described by Nencki, Berichte 7,780. That this, my opinion, is correct, is evident from the tests which can be made in a test tube: [302]

The oxidation of the p-Oxydiphenylamin to Quinonmonoanil and other colored compounds can also be brought about by hydrogen peroxide in hydrochloric acid solution—that is, when hydrogen peroxide is added to an aqueous hydro-chloric suspension of p-Oxydiphenylamin, the solution becomes dark green, but the undissolved p-Oxydiphenylamin turns black. However, when Thiourea is added previously to the hydro-chloric suspension, hydrogen peroxide can be added ad libitum without a green respectively black discoloration taking place. If Thiourea were a reducing agent, hydrogen peroxide would first oxidize the Thiourea and the excess of the hydrogen peroxide would have to oxidize the p-Oxydiphenylamin. However, since even with a great excess of hydrogen peroxide, an oxidation of the p-Oxydiphenylamin does not take place, Thiourea cannot be a reducing agent by any means. If instead of Thiourea, Sodium Thiosulphate is added to the hydro-chloric suspension of p-Oxydiphenylamin and after this hydrogen peroxide is added in

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excess, the oxidation of the p-Oxydiphenylamin takes place in spite of this as shown by the discoloration of the solution and the blackening of the p-Oxydiphenylamin. From this it can be seen that Sodium Thiosulphate is actually a reducing agent, and acts as such on the paper, contrary to Thiourea.

Interrogatory No. 20. Does thiocarbamide act as an anti-oxidant when used in either the diazo sensitive layer, the developer therefor or after development, in connection with the manufacture of diazo types? Will you explain your answer?

Answer. Thiourea does not act as an anti-oxidant. Thiourea has to be added in appreciable quantities to the light sensitive layer consisting of diazo compounds in order to prevent the yellowing of the finished print. $1\frac{1}{2}$ to 2 mols of Thiourea to 1 mol of diazo compound are practically necessary. This already shows that Thiourea, which is used here in quantities of 150 to 200% of the diazo compound, cannot have the character of an anti-oxidant in this particular case, because anti-oxidant bodies must be able to exercise their activities in minute quantities, that is, a fraction of one per cent. It can be seen from the work of the discoverer of the anti-oxidant action, Moreau "Sur L'autoxydation aux Comptes Rendus de L'academic des Sciences" Vol. 175 (1922- II) Page 128 Line 12 from below, that the numerical data about the quantity of anti-oxidant used by Moreau refers to pure Acroleine and that according to Table 2 on Page 129, the oxidation of the Acroleine can be

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practically inhibited by a quantity of anti-oxidant [303] between 1/40,000 and 1/100,000 of the anti-oxidant, which in this particular was hydroquinone.

Cross-Interrogatories to Interrogatories
Nos. 18, 19 and 20.

X 1. The statement quoted in interrogatory No. 9, from United States Letters Patent No. 1,821,281, describes in general terms the invention of said Patent, does it not?

Answer. Yes.

X 2. The invention as described in the quoted paragraph from United States Letters Patent No. 1,821,281 in interrogatory No. 9 is that the discoloration of the white background of positive diazo type prints obtained by any of the known methods of producing such prints is prevented, even for extended periods, if a reducing agent is present in the white background of the finished diazo type prints, the reducing agent or agents being introduced into the background by adding same to the sensitive layer, or during or after development of the picture or the print. In other words, the invention is the production of positive diazo type prints which have a white background that does not discolor for extended periods of storage or keeping, by having a reducing agent present in said background that has the property of arresting this discoloration. Is that correct?

Answer. Yes. This is correct.

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X 3. Positive diazo type prints are produced by a process in which the exposed print, after treatment with the developer, is immediately allowed to dry, or is dried without previous or subsequent washing at all, or by a process in which the exposed print, after treatment with the developer, is washed thoroughly and then dried. Is that correct?

Answer. Yes. This is correct.

X 4. The white background of positive diazo type prints which are produced by the process in which the exposed print, after treatment with the developer, is washed thoroughly and then dried, does not discolor to any noticeable extent because the washing removes the causes which result in the discoloration, namely, the decomposition product resulting from the decomposition of the diazo compound contained in the sensitive layer of the copying paper after exposure under the transparent drawing of which a positive print is desired, and any excess of azo dyestuff coupling component and of alkali not used up in the development. Is that correct? [304]

Answer. No. According to my tests with different diazo compounds, neither the Phenol formed by decomposition of the diazo compound, nor the coupling component applied with the developer can be removed by long washing to any appreciable extent. Therefore also papers washed for a long time discolor after some ageing. This is due to the fact that the Phenols combine with the paper in a similar

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manner that non-fading dyes combine with cotton.

X 5. The white background of positive diazo type prints which are produced by the process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, does discolor after a short period of time under normal conditions of keeping or storage because the causes which result in the discoloration, namely, the decomposition product resulting from the decomposition of the diazo compound contained in the sensitive layer of the copying paper after exposure under the transparent drawing or picture of which a positive print is desired, and the excess of azo dyestuff coupling component and of alkali not used up in the development, have not been removed. Is that correct?

Answer. Yes.

X 6. Is it not a fact that this discoloration of the white background of positive diazo type prints exists only with positive diazo type prints which have been made by a process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, and that such discoloration takes place only after and during storage of such diazo type prints for record purposes?

Answer. Yes.

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X 7. Is it not a fact that the normal conditions under which positive diazo type prints are stored, or kept, include atmospheric influences such as air, light, etc?

Answer. Yes. [305]

X 8. Is it not a fact that this discoloration of the white background of positive diazo type prints obtained by a process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, is due to the chemical influence of air and light, during normal conditions of storage or keeping, upon the components, namely, the decomposition product resulting from the decomposition of the diazo compound contained in the sensitive layer of the copying paper after exposure under the transparent drawing of which a positive print is desired, and any excess of azo dyestuff coupling component and of alkali not used up in the development, present in the background of the positive diazo type prints?

Answer. Yes.

X 9. Assuming that two positive diazo type prints were made by the process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all; and that both of such prints, as soon as they are made, are immediately stored in a vacuum, the one print being

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stored in a closed vessel through which light cannot penetrate and containing only a non-oxidizable gas like carbon dioxide of the formula of CO_2 , and the other print being stored in a closed vessel containing also the same non-oxidizable gas, but having walls which permit the free penetrations of of light there-through; and further that the white background of both of said prints, after an extended period of storage in a vacuum, showed no discoloration, would or would not these results indicate that the discoloration is due to the oxidizing action of the atmosphere upon the components, namely, the decomposition product resulting from the decomposition of the diazo compound contained in the sensitive layer of the copying paper after exposure under the transparent drawing of which a positive print is desired, and any excess of azo dyestuff coupling component and of alkali not used up in the development, present in the white background of the prints?

Answer. Yes.

X 10. If a positive diazo type print is made by the process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, and thiocarbamide is introduced into such print at some stage of said process, as for example by adding same to the sensitive layer, [306] or during or after development, as stated in the quoted paragraph from United States Letters

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Patent No. 1,821,281 in interrogatory No. 9, does or does not the white background of such print discolor when stored for extended periods under normal conditions of keeping, as by placing the print in a desk drawer, in a filing cabinet, or the like?

Answer. The fact cited here is correct only in so far as the addition of Thiourea is active by arresting the discoloration of the background of the paper—only when the paper reacts acid after developing, because when there is an alkaline reaction on the paper, Thiourea does not prevent discoloration of the background.

X 11. If your answer to question X 10 is “IT DOES NOT”, is such answer merely your opinion, or is it based upon actual tests, and if based on actual tests, describe in detail the tests made and the results obtained?

X 12. Assuming that the background of the positive diazo type print made by the process set out in question X 10 does not discolor or discolor to any noticeable extent, when stored for an extended period under normal conditions of keeping, does that not indicate that thiocarbamide exerts a reducing action upon the discoloration producing components, namely, the decomposition product resulting from the decomposition of the diazo compound contained in the sensitive layer of the copying paper, after exposure under the transparent drawing of which a positive print is desired and the excess of

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azo dyestuff coupling component and of alkali not used up in the development, present in the white background, in that it prevents the oxidizing action of the oxidizing substances present in the atmosphere in the space in which the prints are stored?

Answers to X 11 and X 12—

No, Thiourea as such is not a reducing agent, therefore cannot have a reducing action. If Thiourea would prevent the oxidizing action of the oxygen of the air on the Phenols by absorbing itself the oxygen, an aqueous solution of Thiourea should be decomposed by aerial oxygen on long exposure to air. However, Thiourea itself as well as its aqueous solution are so completely stable against air that air can be passed through such a solution without oxidizing the Thiourea.

X 13. If the thiocarbamide in the white background of the positive diazo type print made by the process set forth in question X 10 were merely chemically non-reactive with respect to the oxidizing substances present in the atmosphere, that is, did [307] not and could not remove and take up or absorb the oxidizing substances from the atmosphere surrounding the print in the space in which the print is stored, would not the components producing the discoloration, namely, the decomposition product resulting from the decomposition of the diazo component contained in the sensitive layer of the copying paper after exposure under the transparent drawing of which a positive print is desired, and the excess of azo dye-

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stuff coupling component and of alkali not used up in the development, also present in the background, be converted by the action of the oxidizing substances contained in the atmosphere surrounding the print into the objectionable discoloration compound in spite of the presence of the thiocarbamide?

Answer. If it were a fact that Thiourea takes up oxygen from the atmosphere and hereby becomes oxidized itself, it would be necessary that in spite of the presence of Thiourea on the paper, the latter would discolor as soon as the Thiourea has been used up by the aerial oxygen. From there on the same condition would prevail on the paper as if no Thiourea were present. Since, however, it was proved that Thiourea does not absorb any oxygen from the atmosphere, entirely different reactions must take place on the paper in the presence of Thiourea. These have nothing to do with the absorption of oxygen from the air by Thiourea, or with the reducing action of Thiourea. According to my opinion, the discoloration of the background of the paper is prevented by the presence of Thiourea by the reaction expounded in the answer to Question 19, and furthermore, in answer to item 8 of the cross-interrogatory to Question 8, and in answer to item 3 of the cross-interrogatory to Question 17.

X 14. Is it not true that this oxidizing influence of the atmosphere surrounding the print in the

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space in which it is stored upon the components producing the discoloration present in the white background of the positive diazo type print can be arrested only if a substance is present, or associated with said components, which is chemically reactive with respect to the oxidizing elements present in such atmosphere, that is, can and does remove and take up or absorb the oxygen from the surrounding atmosphere?

Answer. To this point the same answer applies as to item 13.

X 15. Is it not a fact that a substance which is chemically reactive with respect to the oxidizing substances of the atmosphere, that is, can and does remove and take up or absorb the oxidizing substances from the atmosphere which surrounds it, is a reducing agent? [308]

Answer. Yes.

X 16. Referring to the statement quoted in interrogatory No. 9 from United States Letters Patent No. 1,821,281, is it not true that such statement has to do only with the action of a reducing agent as an accessory material in the diazo type print itself, namely, for preventing the discoloration of the white background of the finished positive diazo type print?

Answer. Yes.

X 17. If your answer to interrogatory No. 19 is "IT DOES NOT", is such answer merely your opinion, or is it based upon actual tests, and if

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based on actual tests, describe in detail the tests made and the results obtained.

Answer. ———

X 18. If the presence of thiocarbamide in the white background of the positive diazo type print, made by the process as set out in question X 10, prevents the action of the oxidizing substances of the atmosphere upon the discoloration producing components also present in the background, does this not also indicate that thiocarbamide has the additional property of arresting under normal conditions of storage or keeping this discoloration of the background of said print?

Answer. Yes.

X 19. Is it not a fact that the term "anti-oxidant" and the term "reducing", as applied to a particular chemical compound, are synonymous and hence mean one and the same thing?

Answer. Merely on outward comparison, the difference between a reducing agent and an anti-oxidant is evident from the quantities used of the one or the other substance. Aequi-molecular quantities have to be applied with a reducing agent in order to bring about a complete reducing action, while an anti-oxidant, contrary to this, acts even in minute quantities.

Interrogatory No. 21. Will you please define the substance or substances known as thiosulphates?

Answer. Thiosulphates are derivatives of the hypothetical Thiosulphuric Acid. The best known

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Thiosulphate is Sodium Thiosulphate of the Formula. $\text{Na}_2\text{S}_2\text{O}_3$ [309]

There are also known salts of the Polythionic acids, such as Dithionic Acid, Trithionic Acid, Tetrathionic Acid and Pentathionic Acid, but which are, up to date, without scientific and practical value.

Interrogatory No. 22.—How many thiosulphates are known to chemists?

Answer. No, the best known is Sodium Thiosulphate, known to the Trade as “Fixing Salts”.

Interrogatory No. 23. Are any of the thiosulphates aldehydes?

Answer. No.

Interrogatory No. 24. Are any of the thiosulphates amino compounds?

Answer. No.

Interrogatory No. 25. Are any of the thiosulphates aliphatic amido-compounds?

Answer No.

Interrogatory No. 26. Are any of the thiosulphates poly-oxy-compounds?

Answer. No.

Interrogatory No. 27. Are any of the thiosulphates organic reducing agents?

Answer. No.

Interrogatory No. 28. Are any of the thiosulphates inorganic reducing agents in the general chemical sense?

Answer. Yes.

Cross-Interrogatories to Interrogatory No. 28

X 1. Is it not a fact that the term “thiosulphate” means a salt of thiosulfuric acid?

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X 2. Is it not a fact that sodium thiosulfate of the formula [310] $\text{Na}_2\text{S}_2\text{O}_3$ is a species salt falling under the term "salt of thiosulfuric acid"?

Answer. Yes.

X 3. Is it not a fact that sodium thiosulfate of the formula $\text{Na}_2\text{S}_2\text{O}_3$ is an inorganic salt of thiosulfuric acid?

Answer. Yes.

X 4. Is it not a fact that a substance which can change the metal of a metal salt from the higher to the lower valence, as for example the ferric iron of a valence of three (3) to the ferrous iron of a valence of two (2), is a reducing agent?

Answer. Yes.

X 5. Is it not a fact that ferric chloride of the formula FeCl_3 produces in a solution of sodium thiosulfate of the formula $\text{Na}_2\text{S}_2\text{O}_3$ at first a dark violet coloration which disappears after some time, leaving a colorless solution containing ferrous chloride of the formula FeCl_2 ?

Answer. Yes.

X 6. Is it not a fact that the reaction set forth in question X 5 shows that thiosulfate is a reducing agent?

Answer. Yes.

X 7. It is well known to chemists generally that thiosulfate is a reducing agent. Is that correct?

Answer. Yes.

X 8. The term "hyposulphite" is commonly used to designate a salt of thiosulfuric acid. Is that correct?

(Deposition of Dr. Josef Loevenich.)

Answer. Yes.

X 9. Is it not a fact that the term "thiosulfate" and the term "hyposulphite" are used interchangeably, and hence mean one and the same compound, namely, a salt of thiosulfuric acid?

Answer. Yes. [311]

Interrogatory No. 29. Do any of the thiosulphates have a reducing action when employed either in a diazo light-sensitive layer, in a developer therefor, or in the finished prints?

Answer. Yes, but in the light sensitive diazo layer it cannot be used. (Reasons for this seen in answer to Question #31.)

Interrogatory No. 30. Do any of the thiosulphates, when introduced into diazo type prints either by addition to the sensitive layer, the developer therefor, or after development, act to arrest or minimize the discoloration of the background of such prints?

Answer. Yes, when it is added to the developer, or when it is applied to the print after the developing.

Interrogatory No. 31. What is the action of thiosulphates, in general, when added to diazo layers or developers therefor in connection with the manufacture of diazo types?

Answer. In regard to this question, it is to be remarked that Thiosulphate cannot be added at all to solutions of diazo compounds. It forms a diazo sulphonate with the diazo compound acid solution,

(Deposition of Dr. Josef Loevenich.)

which it precipitates from the diazo solution as a difficultly soluble salt. Diazo sulphonates are, strictly speaking, not diazo compounds because they do not form dyestuffs with alkaline solutions of azo-components, such as are used as developers for diazo type papers. When Thiosulphate is applied on the paper together with a developer the acid reaction of the paper causes a liberation of Sulphur Dioxide (SO_2) and of molecular sulphur which both reduce the Phenols formed and thus prevent a discoloration of the paper.

Interrogatory No. 32. Do any of the thiosulphates act as anti-oxidants when employed in diazo type processes; that is, when applied to the diazo sensitive layer, or the developer therefor, or even after the development of the diazo type prints?

Answer. Thiosulphates do not act as anti-oxydants because in the action of anti-oxydants minute quantities must suffice to prevent discoloration of the paper. As shown by practical tests, much larger quantities of Thiosulphate are required. Minute quantities of Thiosulphate are completely inactive on paper and do not in any way prevent discoloration. [312]

Cross-Interrogatories to

Interrogatories Nos. 29, 30, 31 and 32.

X 1. The white background of positive diazo type prints which are produced by the process in which the exposed print, after treatment with the

(Deposition of Dr. Josef Loevenich.)

developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, does discolor after a short period of time under normal conditions of keeping or storage because the causes which result in the discoloration, namely, the decomposition product resulting from the decomposition of the diazo compound contained in the sensitive layer of the copying paper after exposure under the transparent drawing or picture of which a positive print is desired, and the excess of azo dyestuff coupling component and of alkali not used up in the development, have not been removed. Is that correct?

Answer. Yes.

X 2. Is it not a fact that this discoloration of the white background of positive diazo type prints exists only with positive diazo type prints which have been made by a process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, and that such discoloration takes place only after and during storage of such diazo type prints for record purposes?

Answer. No. Even when the prints are washed, the background of the prints still discolors. Discoloration takes place in storage.

X 3. Is it not a fact that the normal conditions under which positive diazo type prints are stored,

(Deposition of Dr. Josef Loevenich.)

or kept, include atmospheric influences such as air, light, etc.?

Answer. Yes.

X 4. Is it not a fact that this discoloration of the white background of positive diazo type prints obtained by a process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, is due to the chemical influence of air and light, during normal conditions of storage or keeping, upon the components, namely, the decomposition product resulting from the decomposition of the diazo compound contained in the sensitive layer of the copying paper after [313] exposure under the transparent drawing of which a positive print is desired, and any excess of azo dyestuff coupling component and of alkali not used up in the development, present in the background of the positive diazo type prints?

Answer. Yes.

X 5. If a positive diazo type print is made by the process in which the exposed print, after treatment with the developer, is immediately allowed to dry or is dried without previous or subsequent washing at all, and thiosulfate like sodium thiosulfate is introduced into such print at some stage of said process, as for example by adding same to the sensitive layer, or during or after development, as stated in the quoted paragraph from United States Letters Patent No. 1,821,281 in interrogatory No. 9,

(Deposition of Dr. Josef Loevenich.)

does or does not the white background of such print discolor when stored for extended periods under normal conditions of keeping, as by placing the print in a desk drawer, in a filing cabinet, or the like?

Answer. The white background of the finished print discolours less when Sodium Thiosulphate is present. Sodium Thiosulphate, however, cannot be added to the light sensitive diazo layer, because in the light sensitive acid solution it is easily decomposed, and the diazo compound is converted into a product which is not any more capable of coupling.

X 6. If your answer to question X 5 is "IT DOES NOT", is such answer merely your opinion, or is it based upon actual tests, and if based on actual tests, describe in detail the tests made and the results obtained.

Answer. My answer to Question #5 is founded on tests.

X 7. Assuming that the background of the positive diazo type print made by the process set out in question X 5 does not discolor or discolor to any noticeable extent, when stored for an extended period under normal conditions of keeping, does that not indicate that thiosulfate exerts a reducing action upon the discoloration producing components, namely, the decomposition product resulting from the decomposition of the diazo compound contained in the sensitive layer of the copying paper

after exposure under the transparent drawing of which a positive print is desired, and the excess of azo dyestuff coupling component and of alkali not used up in the development, present in the white background, in that it prevents the oxidizing action of the oxidizing substances present in the atmosphere in the space in which the prints are stored?

[314]

Answer. It is a fact that Sodium Thiosulphate acts here as a reducing agent and absorbs oxygen from the atmosphere. The proof that Thiosulphate acts as a reducing agent is given by the fact that an aqueous solution of Thiosulphate is decomposed on standing, by taking up oxygen from the air, whereby Sulphur is precipitated. Contrary to this, the aqueous solution of Thiourea is stable against air and therefore cannot absorb any aerial oxygen, hence cannot act as a reducing agent on the paper.

X 8. If the thiosulfate in the white background of the positive diazo type print made by the process set forth in question X 5 were merely chemically non-reactive with respect to the oxidizing substances present in the atmosphere, that is, did not and could not remove and take up or absorb the oxidizing substances from the atmosphere surrounding the print in the space in which the print is stored, would not the components producing the discoloration, namely, the decomposition product resulting from the decomposition of the diazo component contained in the sensitive layer of the copying paper after exposure under the transparent

(Deposition of Dr. Josef Loevenich.)

drawing of which a positive print is desired, and the excess of azo dyestuff coupling component and of alkali not used up in the development, also present in the background, be converted by the action of the oxidizing substances contained in the atmosphere surrounding the print into the objectionable discoloration compound in spite of the presence of the thiosulfate?

Answer. Yes.

X 9. Is it not true that this oxidizing influence of the atmosphere surrounding the print in the space in which it is stored upon the components producing the discoloration present in the white background of the positive diazo type print can be arrested only if a substance is present, or associated with said components, which is chemically reactive with respect to the oxidizing elements present in such atmosphere, that is, can and does remove and take up or absorb the oxygen from the surrounding atmosphere?

Answer. No, because Thiourea does not absorb oxygen from the atmosphere; however, in spite of this arrests the discoloration of the background of the print.

X 10. Is it not a fact that a substance which is chemically reactive with respect to the oxidizing substances of the atmosphere, that is, can and does remove and take up or absorb the oxidizing substances from the atmosphere which surrounds it, is a reducing agent? [315]

Answer. Yes.

(Deposition of Dr. Josef Loevenich.)

X 11. If your answer to interrogatory No. 30 is "IT DOES NOT", is such answer merely your opinion, or is it based upon actual tests, and if based on actual tests, describe in detail the tests made and the results obtained.

Answer.

X 12. If the presence of thiosulfate in the white background of the positive diazo type print made by the process as set out in question X 5, prevents the action of the oxidizing substances of the atmosphere upon the discoloration producing components also present in the background, does this not also indicate that thiosulfate has the additional property of arresting under normal conditions of storage or keeping, this discoloration of the background of said print?

Answer. Yes.

X 13. Is not the invention, as described in the quoted paragraph from United States Letters Patent No. 1,821,281 in interrogatory No. 9, the production of positive diazo type prints which have a white background that will stay white for extended periods of storage or keeping, and hence stable against discoloration?

Answer. Yes; but only when using a reducing agent. However, it is not mentioned at any place that a stable white background can also be obtained by other ingredients which are not reducing agents.

X 14. The production of positive diazo type

(Deposition of Dr. Josef Loevenich.)

prints which have a white background that will stay or remain white for extended periods of storage or keeping, is made possible according to the invention as described in the quoted paragraph in interrogatory No. 9 by the presence of a reducing agent in the background of said prints. Is that correct?

Answer. Not only reducing agents are in question for the prevention of the discoloration of the background, but also other ingredients, such as Thiourea.

X 15. Is it not a fact that in the invention, as described in the quoted paragraph in interrogatory No. 9, the reducing agent exerts its reducing action only in connection with the white background of the finished diazo type print?

Answer. Yes. [316]

X 16. Is it not a fact that in the invention, as described in the quoted paragraph in interrogatory No. 9, the reducing agent exercises its additional property, namely, arresting the discoloration of the background, only after the positive diazo type prints have been made and are stored or kept for record purposes?

Answer. Yes.

X 17. Does the statement quoted in interrogatory No. 9 inferentially or directly describe that the reducing agent, if added to the sensitive layer, exerts its reducing action upon the components of such

(Deposition of Dr. Josef Loevenich.)

layer, and if so, explain in detail where this is found in said quoted statement.

Answer. Yes. In the abstract it is mentioned that the reducing agent exerts its reducing action when added to the light sensitive layer. It is said in the abstract:

“The invention is based on the observation that the discoloration of the background in all kinds of diazotype processes can be prevented * * * if a reducing agent is added to the sensitive layer.”

X 18. Does the statement quoted in interrogatory No. 9 inferentially or directly describe that the reducing agent, if added to the developer, exerts its reducing action upon the components of such developer, and if so, explain in detail where this is found in said quoted statement.

Answer. Yes. In the abstract it is mentioned that the reducing agent exerts its reducing action when it is added during the development of the print. It says, literally,—

“The invention is based on the observation that the discoloration of the background in all kinds of diazotype processes can be prevented * * * if a reducing agent is added * * * during * * * development of the picture.”

(Signed) DR. LOEVENICH. [317]

TESTIMONY OF LEE R. DUNCAN FOR
DEFENDANT.

Lee R. Duncan, called as a witness on behalf of defendant, being duly sworn testified as follows:

Direct Examination

My name is Lee R. Duncan. I reside at Fresno, California. I am a consulting engineer for The San Joaquin Light & Power Corporation, being employed in such capacity for 17 years. I hold a state license as a civil and structural engineer. In the course of my duties with this company, I have had to do with the making of so-called diazo types or direcprints.

The manufacture of direcprints is briefly a process for making a positive print directly from an original. There are several types of paper available on the market which we have used; some of them make a print having a bluish black line and some make a print having a dark Van Dyke brown line. They all are quite similar in the method of developing and finishing. These prints are used in our work in the same way that any other print made by any other process like brown line or blue prints are used.

I am familiar with the paper and developer sold by plaintiffs, Charles Bruning Company and the paper and developer sold by defendant, Dieterich-Post Company, and have used both. My familiarity is with the results obtained from the paper rather than with the chemical composition thereof as I know nothing of the chemistry involved. My com-

(Testimony of Lee R. Duncan.)

pany has been making direcprints from this particular diazo paper for approximately 2 years. Prior to that time my company has used every process available for reproducing images from tracings.

I have used the so-called Brown-Line process in which a paper having a silver nitrate coating is employed. This paper [318] when exposed to sunlight the exposed area is darkened and therefore in order to get a print having a black line or a dark line on a white ground, it is necessary to first prepare a negative from the original and then make the positive print from the negative, using it to shut out the light except for the lines to be printed. The same machine is used in manufacturing the prints from the Brown-Line process and from the diazo or direcprint process, and both processes are practiced in our own establishment.

Being asked if any chemicals are used in the Brown-Line process for arresting the discoloration or fixing of the background; yes, that type print takes what is commonly known as the hypo bath—the sodium hyposulfite bath.

The COURT: “Q. For what purpose?

“A. As we understand it, it is for fixing the print so that no further discoloration will occur upon exposure to light.

I recall having a luncheon at Fresno about a month ago with Messrs. Post and White, particularly that portion of the conversation relating to the use of hypo in arresting the discoloration of the

(Testimony of Lee R. Duncan.)

background of Van Dyke (Brown-Line) prints. In the Van Dyke prints we always used that. I was asked if I had ever used it in connection with the diazo prints, and I stated that if I had been making the prints myself I would have used it, just because I am that type, I experiment a great deal; I used to make my own blueprint paper and have made papers for myself. I was not certain that my men in the blueprint department used it at that time.

Being asked whether he had an opportunity to check whether his men had used hypo, yes, I recall that early in the spring, pressure was brought to bear on us to find out which of the several papers offered were the most suitable. I requested my blueprint man to secure several rolls of each of the different [319] types of paper available and make a series of tests on those to see if there was any real preference as to which of the papers we would buy. These tests were made in this way. A series of tracings were taken, and prints were made thereof by different methods and developed and fixed by different methods in an effort to discover whether one of the paper had qualities that were more desirable than another and whether we would show any preference as a matter of policy in the purchase of the papers.

Being handed a print and asked to identify it, yes, that is the print made as a part of this test. It was made on March 14th of this year. It was

(Testimony of Lee R. Duncan.)

made on Lietz, 10 by 12 Tiogo, using their 12-12 developer. This print was washed in hypo after making and then later exposed to the sunlight with half of it covered up so that the sun could not strike half of it. I wanted to find out what measure of discoloration would occur after the prints were exposed to the sun. That is important. The lower half of the print, the face of the print, is marked "Exposed to the sun".

Mr. WHITE: I would like to offer in evidence the print which the witness has just identified and have it marked Defendant's Exhibit next in order.

(The print was marked "Defendant's Exhibit F.")

The COURT: Do you mean the white portion is the portion that was exposed to the sun?

"A. That is correct.

The COURT: According to that exhibit it turned white.

Mr. WHITE: Brown when it was first developed, and it turned white later. It was discolored, however.

Being handed a print and asked to identify it; This was made on April 10, 1934 on Post No. 500. It was made from a pencil tracing on tracing paper. This was also exposed to [320] the sun in a similar manner but, unlike the other, it turned dark upon exposure to the sun.

(Testimony of Lee R. Duncan.)

Mr. WHITE: I offer in evidence the Post No. 500 print which the witness has just identified and ask that it be marked Defendant's Exhibit next in order.

(The print was marked "Defendant's Exhibit G.")

Being handed a print and asked to identify it, this was made February 9, 1934 from Dietzgen direct paper and half of it exposed to the sun. It changed color. It would be difficult to say whether it was darker or lighter, it turned to a yellowish color.

Mr. WHITE: I offer this in evidence as Defendant's Exhibit next in order.

(The print was marked "Defendant's Exhibit H.")

Being handed a print and asked to identify it, this was made March 14, 1934, on Post No. 500 paper and was developed with Post developer and was afterwards washed in hypo. The portion of the print exposed to the sun changed color.

Mr. WHITE: I offer in evidence the print which the witness has just identified and ask that it be marked Defendant's Exhibit next in order.

(The print was marked "Defendant's Exhibit I.")

With reference to Exhibit G, the one made from the pencil tracing, this was developed in the regular way, namely, subjected to the developer with no subsequent treatment. Exhibit I, however, was de-

(Testimony of Lee R. Duncan.)

liberately washed in hypo after development, and this fact is noted on the back thereof.

Being handed two prints and asked to identify them, after we had our conversation in regard to the permanency of these prints, I was curious to know precisely what would be the result with the use of this Charles Bruning paper.

Mr. HOFFMAN: I object, your Honor. This line of questions [321] is directed to show that by this ex parte test the inventions in the two patents in suit are inoperative. I will object at this time, but I will reserve my remarks concerning this until the final summation.

The COURT: Objection overruled; exception.

Being asked if the paper and developer used in making these two prints was in fact the paper and developer of the Bruning Company, yes, this was purchased directly from the Bruning Company after we had our meeting in Fresno. The reason for this was that on these earlier tests I discovered that when we ordered Bruning paper, the Lietz Company supplied the paper but we were not at all certain that it was Bruning paper although Lietz had told us it was. Being handed a letter and asked to identify it, this is the answer to a request I made of the Lietz Company that they state positively whether the paper I had formerly purchased from them was Bruning paper or not. It says "confirming our conversation to-day, our direct blackline paper is made by Charles Bruning Company", and is signed by Mr. Crocker.

(Testimony of Lee R. Duncan.)

Mr. WHITE: I offer in evidence the letter from the A. Lietz Company, which the witness has just identified, and ask that it be marked Defendant's Exhibit next in order.

(The letter was marked "Defendant's Exhibit J.")

I still felt a little hesitant as far as my personal knowledge was concerned. I did not wish to trust the statement that Mr. Crocker of the Lietz Company had made to me, and we secured, in fact several rolls of this Bruning paper. I made two prints from the same tracing, the one I marked "office copy" and kept it on my desk for use on the desk, and the other I took out to a job which happened to be a construction job involving a small cottage. This print on the job was nailed up on an easel and left there for several days while [322] the print marked "office copy" remained in the office until I brought it down here last night. These prints were identical in quality when they were first made, that is, the background of the prints. The print I have in my hand was kept in my office, and the print sitting on the bench is the one that was placed on an easel at the job.

The COURT: The one you have in your hand is white?

"A. They were both made at the same time.

The print used on the job showed considerable discoloration of the background.

Mr. WHITE: I wish to offer in evidence the two prints which the witness has just identified, the

(Testimony of Lee R. Duncan.)

one marked "Office copy" as Defendant's Exhibit next in order.

(The print was marked "Defendant's Exhibit K.")

I also offer the second print which the witness has just identified as Defendant's Exhibit next in order.

(The print was marked "Defendant's Exhibit L.")

I have not, to my knowledge, ever made a directprint having a background which did not discolor. I have found little or no difference between the prints made from the paper and developer of plaintiffs or of defendants or of anyone else. The men in my blueprint and directprint shop use hypo in washing the directprints.

Cross Examination .

"Q. Now, Mr. Duncan, you have testified that the Brown-Line process is similar to the diazo type process have you not?

"A. I testified that the same machinery or equipment was used.

In the making of a diazo type or Brown-Line print, it is the paper and developer that are the essential elements although there is certain apparatus commonly used in making the prints. Being asked whether, as a matter of fact, the chemical [323] composition of the paper and developer, that is, the chemical compounds that are contained in the sensitive layer of the paper and those that are contained in the developer, are the things that determine the character of the print, I am not a chemist

(Testimony of Lee R. Duncan.)

but I assume that to be correct because different papers require different types of chemicals.

Being asked what machinery can be used for both, the same; and by "the same" I mean that the same printing frame in which you would make one of the prints could be used to make the other and the same developing equipment could be used.

Being asked whether in the making of a Sepia or Brown-Line print you start with a sensitized paper having a coating containing both a ferric and a silver salt, I know in a fashion but would not undertake to make any statement about the type of salts. If it were desired to make a Brown-Line print we would select the sensitized paper for making such Brown-Line print. On the top of this selected paper we would place a transparent tracing of which a print is desired, and then expose the paper through the transparent tracing to light. After exposure, the transparent tracing would be removed from the exposed print, and the first thing we would do with the exposed print would be to wash it with water.

"Q. Do you know the reason for washing that with water at that point?

"A. To wash off the unexposed parts of the print and also wash the exposed part of the print.

"Q. Then after you have done that washing operation the next operation is to wash it off with what you call hypo or thiosulfate?

"A. Sodium thiosulfate.

"Q. That is the next operation, is it not? Of course, you are not a chemist, are you? [324]

(Testimony of Lee R. Duncan.)

“A. No, I do not claim to be a chemist.

“Q. Then, of course, you would not know the reason why these two steps follow in sequence, first washing with water, and then washing with thio-sulfate.

“A. The thiosulfate fixes the chemicals remaining in the paper so that light will not have any effect on it.

“Q. You just testified that you are not a chemist, and so you do not know what the reason for it is. You don't know why those two steps in sequence follow, first washing in water, and then followed with hypo?

“A. I do not have to be a chemist to know what the reason is for that.

“Q. There is a very definite reason. The washing step is to take off the unexposed part of the compounds that are soluble in water first, and the thiosulfate washing is to take off the insoluble compound which was formed at the exposure, so that when you wash with thiosulfate the thiosulfate reacts with the silver and dissolves that off the print——

Mr. WHITE: I object to that as not the testimony of the witness, but as the testimony of counsel.

The COURT: Overruled; an exception.

“Q. And then the third step, after you have washed with thiosulfate, you then wash again with water, do you not?

“A. Yes, it is customary to wash with water.

(Testimony of Lee R. Duncan.)

“Q. Then really in the Brown-Line process you have three distinct steps, in the first place you wash the print with water, then you wash it with thio-sulfate, and then you finally wash it again with water.

“A. That is true.

“Q. Isn't that correct?

“A. Yes.

“Q. And you get the finished print? [325]

“A. Yes.

I am familiar with the positive diazo process, the process of the patents in suit. I have purchased some of the paper and of the developer of the Bruning Company, and have made prints with such and developer. I made one of the prints by exposing the paper to light with a tracing over it, then removed the tracing from it and placed the print on a board, and developed the print by applying the developer solution that was furnished with the paper. The developed print I washed first with water and next with hypo, and then dried it. Being asked whether the instructions that came with the Bruning Company paper and developer state that the developed print should be washed and then treated with hypo, they did not but we did not get satisfactory results by doing it according to their instructions. The instructions say to apply the developer to the sensitized surface of the print and the print is finished.

Being handed Defendant's Exhibit K, this is the exhibit I made from the Bruning Company paper

(Testimony of Lee R. Duncan.)

and developer. It was made by first exposing the paper under a tracing to obtain an exposed print, applying the developer to the exposed print, then washing the print, and then drying it.

“Q. Do the directions of the Bruning Company that come with that paper and developer say anything about washing the print after development?

“A. No, they do not.

The COURT: Now show him the other one.

“Q. I now hand you Defendant’s Exhibit L. I understand that you——

The COURT: “Q. Was that made in the same way?

“A. Identically the same way.

“Q. You washed the print after development, did you?

“A. Yes. [326]

“Q. And then dried it?

“A. Yes.

With reference to the Brown-Line print I made, I washed the print after exposure, then applied the hypo or sodium thiosulfate thereto, and then washed it.

“Q. Then you end up with a print that no longer has any hypo in it, is that not correct?

“A. Provided you wash all the hypo out it is correct.

“Q. In ordinary washing operations, as you usually do it in practice, you aim to wash the print as thoroughly as possible, do you not?

“A. I aim to.

(Testimony of Lee R. Duncan.)

“Q. And if you washed it thoroughly you would have very little, if any, thiosulfate in the finished print?

“A. I presume that that is true.

Redirect Examination

Mr. WHITE: If the Court please, may I introduce another exhibit?

The COURT: Yes, certainly.

Being handed a print and asked to identify it, this is an exposure on Lietz No. 12-10 dark paper, using Lietz developer No. 12-12. It was not washed. No hypo was used. It was made on March 14 of this year. A portion of it was exposed to the sun.

The COURT: And there was a change of color after exposure?

“A. A very definite change.

Mr. WHITE: I offer this print in evidence as Defendant's Exhibit next in order.

(The print was marked “Defendant's Exhibit M.”)

The COURT: That was someone's process, either the plaintiffs' or the defendant's process, was it?

[327]

Mr. WHITE: The witness has previously testified that the Lietz Company furnished him with Bruning paper and Bruning developer.

“Q. That is true as to this exhibit, is it not, Mr. Duncan?

“A. Yes.

With reference to Defendant's Exhibits K and L, I washed these prints with water after they were

(Testimony of Lee R. Duncan.)

developed in order to get prints with as white a background as possible. They are more desirable than any other background. We found by experiments we got better results, whiter background, by washing the prints than not washing them and so we washed them. Exhibit L was placed on the job Wednesday afternoon and was taken away late Friday afternoon of the same week. It was intermittently exposed to sunlight. It was deliberately placed in the living room of the cottage before an open unfilled window. Later in the afternoon the men were instructed to move it to another window so that it had sunlight intermittently throughout its use because that is the ordinary use that a print is put to on the job.

The COURT: Did you make any tests at all of the plaintiffs' process following these directions?

"A. Yes, indeed. We tried all of them according to directions.

The COURT: What was the result when you followed the directions and did not wash?

"A. The results when we followed the directions were that we got prints with slightly clouded background, sometimes approaching a mild India pink or light wine color or bluish cast; when we washed them in water we got a lighter colored print, washing all that material off.

The COURT: Did you expose any of these prints made according to directions?

"A. Yes, this last exhibit, the one that was just last [328] offered. The instructions to my men were to test the papers out thoroughly. I supervised the tests myself.

(Testimony of Lee R. Duncan.)

The COURT: And they were made according to directions?

“A. Yes. We placed prints in a hypo bath as a matter of experiment to find out what would happen.

The COURT: And you made tests of the different process?

“A. Yes.

The COURT: And you got a discoloration there, too?

“A. On all of them.

The COURT: In a shorter time on defendant's than on plaintiffs'?

“A. We really could see no difference, no substantial difference.

Recross Examination

In connection with defendant's Exhibits K and L I washed them after I had applied the developer. Being asked whether this washing did not remove all of the materials that were left in the print as a result of the exposure to light of the sensitized paper and the application of the developer to the exposed print, I do not know anything about that, as everything that I wanted was still on the print.

The invention in diazo types—the Bruning paper and developer—is by having a reducing agent in the background, the print does not discolor, but you do not have to wash it. When you washed that print you took everything off the paper. Nevertheless the prints discolored just as badly without washing as when we washed them.

I made part of these tests, and part of them were made under my supervision. I can not do every-

(Testimony of Lee R. Duncan.)

thing alone. I went into the blueprint room in the morning and wrote down specifically what was to be done after the papers had arrived. [329] I explained to the boys so there could be no misunderstanding. I instructed what was to be done; the procedure was to be written on the back, and when the prints were finished they were to be turned over to me for examination.

The COURT: Mr. Hoffman, your reducing agent may be applied in three different ways?

Q. That is correct, your Honor.

The COURT: Is it your claim that the reducing agent is in the paper and in the developer?

Mr. HOFFMAN: Or you can do it afterwards.

The COURT. I know you can do it afterwards. Here it does not appear that the reducing agent was applied after the print was made. What I want to know is whether the reducing agent was found in your paper and in your developer.

Mr. HOFFMAN: If I get your Honor's question correctly, you would like to know whether the commercial product of plaintiff contains a reducing agent in both the paper and in the developer?

The COURT: Or in either.

Mr. HOFFMAN: Or in either. Yes, they do.

The COURT: Then the test is more or less important.

Mr. HOFFMAN: That is right, your Honor.

TESTIMONY OF RUDOLPH C. POST
FOR DEFENDANT

Rudolph C. Post, called as a witness on behalf of defendant, being duly sworn testified as follows:

Direct Examination

My name is Rudolph C. Post. I am 47 years of age, and reside in Walnut Creek, California. I am President of the Dieterich-Post Company, the defendant here in suit. I have been engaged in the business of this company since 1902 or 1903, and for about 12 to 13 years as its President.

Being handed a letter and asked to identify and read it, this is a letter from Renker-Belipa, Duren RL., addressed to the Dieterich-Post Company at our address in San Francisco:

“We beg to acknowledge receipt of your letter of the 25th ult.”—under date of the 13th of February they answered, and we wrote on the 25th of January. It says:

“We beg to acknowledge receipt of your letter of the 25th ult. and want to reply as follows:

“The name of Dr. Loevenich has not been mentioned before. Your presumption that he has won the case for Messrs. Kalle & Co. is quite wrong, because Dr. L. has nothing to do with Kalle. It will become thus quite clear, that the scientists do fully agree each other with regards to the effects of the Thio Urea, a fact of greatest importance, because they have found it by working quite independently.

“To your further question we want to say, that we are coating our paper under a permit of Kalle,

(Testimony of Rudolph C. Post.)

because we have used already the relative chemicals before Kalle. Kalle have also confirmed that we might use this chemical for our deliveries in this country and to abroad, and you will understand thus that we do not infringe any of Kalle's patents."

[331]

"We hope that these informations will have given you some further help, and we are looking forward to your relative news.

"Yours truly."

We receive our direcprint paper and developer therefor from the Renker-Belipa Company in Germany, the people who wrote that letter.

Mr. WHITE: I wish to offer in evidence the letter just identified by the witness as Defendant's Exhibit next in order.

(The letter was marked "Defendant's Exhibit N.")

Our Company does not manufacture either a diazo sensitive layer paper or the developer for use in connection with such paper, but import all of it.

Being handed a copy of the "International Blue Printer" of August, 1934 and asked to read the advertisement of the Bruning Company on page 1, shall I read all of it?

The COURT: Why don't you read it?

Mr. WHITE: This advertisement reads as follows:

"From man to man * * * from company to company * * * the good news about Bruning Black

(Testimony of Rudolph C. Post.)

and White Prints is spreading all over the country.

“Engineers, chief draftsmen and production men like the way these easy-to-read positive prints save time in checking * * * prevent mistakes by allowing pen, pencil or crayon notations to show up clearly on the white background. Today, BW prints are being used for everything from preliminary plans to window displays—and new uses are being developed continually.”

“Q. Mr. Post, from your experience in the industry—I would like to have the record show that that advertisement appeared in the *International Blue Printer* of August, 1934, Volume 7, No. 8.

The COURT: What is the significance of that last?

Mr. WHITE: The significance of it is merely to show the [332] general use to which the Bruning Company, itself, advertised these prints might be put. It is being used for everything from preliminary plans to window displays; in other words, it is not used merely to keep in their desks and refer to from time to time. They are used the same as blueprints.

The COURT: That is what they are claiming in court, is it not?

Mr. WHITE: The testimony of Mr. Klein was to the effect that the normal condition of use of Bruning prints is in storage in the desk or in the office.

(Testimony of Rudolph C. Post.)

The COURT: Don't they claim they are not subject to discoloration on exposure to light?

Mr. WHITE: That is, they claim that the reducing agent arrests discoloration under normal conditions.

The COURT: They do not mention that in the advertising?

Mr. WHITE: They do not mention that in the advertising. The advertising merely states that the prints may be used in general for everything from preliminary plans to window displays, in which they are exposed to light rather than kept in the office files.

The COURT: The reason I asked was, they do not make any difference in the advertisement than they do here in court.

Mr. WHITE: I gathered from the testimony of Mr. Klein that their claim is that the normal conditions referred is the normal condition of storage in office files.

The COURT: Is that your position, Mr. Hoffman?

Mr. HOFFMAN: No, that is not the testimony, at all. The testimony is that in normal conditions of storage you might have them around your desk or you might have them in your office drawer or filing cabinet, and you may have them exposed to sunlight wherever they are ordinarily used.

The COURT: And by reason of your reducing agent the discoloration of the background is reduced? [333]

(Testimony of Rudolph C. Post.)

Mr. HOFFMAN: That is correct.

Direcprints, diazo prints are used entirely in the same manner for the same purposes as blueprints with the exception that the Brown-Line prints are preferred because their backgrounds are generally more stable. Being handed a print and asked to identify it, this is a Brown-Line print that I made, that I did not wash in hypo, but washed in plain water only. It was made in our own establishment on October 1, 1934.

The COURT: According to what process?

“Q. This is the Brown-Line process.

Mr. WHITE: I offer in evidence the print to which the witness has just testified and identified and ask that it be marked defendant's exhibit next in order.

(The print was marked “Defendant's Exhibit O.”)

Being handed another print and asked to identify it, this is a print made by the Brown-Line process in which the print is first washed in water, then in hypo, and then again in water, the way these prints are regularly washed. It was made in our establishment and on the same day as the other print.

The COURT: What is the difference between these two?

“A. The print that is washed in water and then in the sodium thiosulfate retains a clearer background than the print which is not so washed. You see this has turned somewhat gray, but the print

(Testimony of Rudolph C. Post.)

that was washed in hypo remains a beautiful clear white, as you see.

The COURT: They are both of the same exposure?

“A. Those two prints were the same exposure.

Mr. WHITE: I wish to offer in evidence the print to which the witness has just testified and ask that it be marked defendant’s exhibit next in order.

(The print was marked “Defendant’s Exhibit P.”)

Being handed a further print and asked to identify it, [334]

Mr. WHITE: I will offer in evidence the print which the witness has just identified and ask that it be marked Defendant’s Exhibit next in order.

(The print was marked “Defendant’s Exhibit Q.”)

With reference to Defendant’s Exhibits O, P, and Q, the backgrounds are not the same. The background of the Brown-Line print that was not washed in hypo has not remained as clear a white as the print that was washed in hypo. The direcprint is a clearer print.

The COURT: What do you mean by a direcprint?

“A. This is a diazo type paper that we have been talking about in this suit.

The direcprint paper No. 500 is the trade name of our diazo paper. The background of defendant’s Exhibit Q has discolored but I cannot say with

(Testimony of Rudolph C. Post.)

certainly that this background was as white as the background of defendant's Exhibit P immediately after it was made.

The COURT: All of these prints to which you testified were made according to your process?

"A. Our two processes, one of the Brown-Line process and the other process.

Cross Examination

None. [335]

TESTIMONY OF LODEWIJK PIETER FRANS VAN DER GRINTEN FOR PLAINTIFFS (Recalled in Rebuttal).

Lodewijk Pieter Frans Van der Grinten, recalled as a witness in rebuttal, testified as follows:

Direct Examination

"Q. I hand you the Gronau patent, Defendant's Exhibit D, and ask you to state whether you ever experimented with the Gronau apparatus.

"A. Yes, I have.

"Q. Will you please describe what you found?

"A. The result of our experiments with the Gronau apparatus were that when the Gronau apparatus was used for the purpose it was designed for, that is to say, for development with volatile alkali, the development with gases, it was not perfect, but it was practically suitable. The paper to be developed was then brought quite near to the belt,

(Testimony of Frans Van der Grinten.)

which had a thin film of a solution of ammonia gas in water on it, and consequently, and quite in accordance with the description in the patent, the ammonia fumes emerging from the water solution in which they were had to pass only a very small distance to reach the layer which they had to develop, because, as said in the patent, the surface to be developed was carried along with the belt in near contact over a certain distance. However, when we tried to apply with the Gronau apparatus a liquid development to a paper which did not contain a volatile alkali, and when, consequently the process we had to perform consisted of introducing into the paper substances which were not volatile, like non-volatile alkalis, or like azodyestuff components, or like reducing agents, then we found that it was not possible at all to do this with this apparatus. Either we applied to [336] the belt a breath-thin film, like was described in the patent for the ammonia fumes process, but then the paper which was only carried in contact with the belt over a certain distance did not at all take off this developing liquid which was so thinly spread over the belt to itself so that its whole surface was developed. Consequently we tried to make the layer of developer on this belt heavier and bring more of the developing liquid on that belt, and when we did then it happened like already Doctor Lazar has described, that on the spot where the paper was introduced into contact with the belt and the big drum No. 2 in

(Testimony of Frans Van der Grinten.)

the drawing an excess of liquid was withheld, that is to say, could not enter into this box, and had to be arrested, and consequently remained there, where the belt always carried more and more of this surplus of liquid which could not enter here, and which consequently had to flow down and collect in here. This was the case particularly when this apparatus was working without prints being made in it, that is to say, when the apparatus was running empty, was running by itself——

The COURT: “Q. What was running by itself?

“A. It was running by itself without doing any work, without prints being introduced into it. The apparatuses were fitted with electric motors, your Honor, so that they could stop and start quickly. From time to time you insert a print in the apparatus. When we inserted the prints in here and they came out here it was not at all like Doctor Lazar thought—of course, he could not know it because he never experimented with the apparatus; it was so that the print was taken along with the wet drum, it was perfectly wet, and it adhered to the drum, and it adhered partly to the belt, so that consequently one part of the print, the left part, went up with the drum, and the other part went along this way; the part that went up had an enormous amount of liquid which had gathered here, an excess of [337] liquid, which had collected here on the front surface.

(Testimony of Frans Van der Grinten.)

The COURT: “Q. You mean by ‘here’ between the large drum 2 and the lower roller 3?

“A. Yes, your Honor. Your Honor will understand that it is a little difficult to explain it.

The COURT: “Q. I understand that. I just asked that for the purpose of the record so as to identify what you meant when you used the word ‘here’.

“A. That is all right, your Honor. When this print comes out here then both the belt and the drum are wet, because the drum has been all the time running with an excess of liquid. When you have paper in contact with a wet object the paper adheres to that wet object. For instance, if you made the desk, here, wet and put a sheet of paper on it the sheet of paper would adhere to the desk on account of the wetness of the desk. So this will adhere to the drum and also to the belt, because the belt is wet. So there is no reason whatsoever for this paper to go with the belt or to go with the drum. Consequently it happens that part of the print, for instance, the print comes out of the apparatus this way and this part of the print goes up with the drum and this part wants to go with the belt; on account of the slight differences in moisture this part is lifted up for a short time only, because then it proceeds in the other direction. It leaves a big amount of this liquid which is in excess here underneath this print; consequently to the surface that was developed, that is to say, to the front sur-

(Testimony of Frans Van der Grinten.)

face of the paper. These results were practically so bad that it was in practice absolutely impossible to use this apparatus for this purpose. If you will permit me I would like to repeat once more what I said in the beginning, either the apparatus was used in the way as described by Gronau and not with the ammonia fumes developer, but with a developer containing a non [338] volatile substance and only a thin film was applied, and then there was no question of obtaining a complete development, or it was used with an excess and then in practice the troubles as described before were encountered. So that the practical application of an excess was impossible.

The COURT: "Q. This is the method of applying the developer?

"A. Yes, your Honor.

The COURT: "Q. You say it was not practical. Do I understand you to say it was not practical because the paper would stick to roller No. 3, or to roller No. 2, or both?

"A. To the belt or to No. 2.

The COURT: "Q. It was not because there would be an excess?

"A. Yes, at the same time there would be an excess, too. If there were no excess it would not make so much difference.

The COURT: "Q. It runs in there, you say, for a while with no paper in there?

"A. Then you would get an excess here.

(Testimony of Frans Van der Grinten.)

The COURT: “Q. Would not that be carried off by this belt?

“A. No, your Honor, because this is lower in level than this is and, therefore the liquid would accumulate in there.

The COURT: “Q. You mean it would accumulate in the V portion?

“A. The V-formed hole which is between roller 3 and roller 2.

The COURT: “Q. Then it was not practical for two reasons?

“A. It was not practical. If we wanted to do away with this trouble, that is to say, with this excess trouble, then, of course, we would have to apply only a very thin film. We would have to work the perfectly thin film method which he suggested himself, but no complete development was obtained except in the case as Gronau, himself, says, a gas was used in the development, which gas would have to emerge from the liquid in which it was dissolved.

“Q. You heard the defendant's witnesses testify in regard [339] to Exhibits O and P. I wish you would please explain the results.

“A. It was stated that Exhibit O was made without washing with thiosulfate and that Exhibit P was made with washing with thiosulfate. The process of the Brown-Line printing is based upon the property of silver salts in connection with other chemical substances to turn brown to white. In the

(Testimony of Frans Van der Grinten.)

case of these two prints a negative original has been used and the light has passed through the white parts and caused the formation of this brown silver deposit. It is of course quite clear that the silver salt which undergoes this change by the action of light is not completely removed from such a print. Then later on such print must become brown all over, that is to say, the same reaction which caused the black spots or the dark parts to appear must of course later on in the white background in this case cause that same reaction, provided that not all the silver salts are washed out. It is a well-known fact that the silver salts do not completely dissolve in water, mostly on account of the quality of the water, itself. It is therefore practiced in this case that thiosulfate washing is done after the water washing, in order to take the last of the silver out. That is the only reason why this print Exhibit O is darker after some time when some light reaches it than Exhibit P. It is quite clear that the discoloration effect which we see here is an entirely different effect from the effect that we know in the diazo type art, and which I have already explained. These two things cannot be compared with each other. It is absolutely only by chance, I might say, that thiosulfate can be used here in this process as a solvent for silver compounds and that thiosulfate at the same time has reducing properties which make it fit for being used in the diazo type process against discoloration. [340]

(Testimony of Frans Van der Grinten.)

Cross Examination

“Q. Would it not be a relatively simple matter, Doctor, to adjust roller 3 with respect to roller 2 so that the V formation would not be as accentuated as it is in the drawing?

“A. Certainly that could be done without any great difficulty. The only thing is it is not described that way in the patent.

The COURT: “Q. It could be dropped?

“A. If this roller were dropped then we would have much less difficulty, although the back side would absolutely in the same way get the surplus which runs down here. That would not make any difference.

The COURT: “Q. But there would not be the accumulation?

“A. There would not be the accumulation and all the troubles would be less. You would have them in the same way although less. [341]

The foregoing is a correct statement of all of the evidence taken and proceedings had in said cause.

Lodged by

May 20, 1935.

WRAY N. HOFFMAN

WM. S. GRAHAM

Solicitors and Counsel for
Plaintiffs-Appellants.

ORDER SETTLING AND APPROVING
STATEMENT OF EVIDENCE.

The foregoing Statement of Evidence prepared under Equity Rule 75 is hereby settled and approved.

A. F. ST. SURE,

United States District Judge.

Dated:

San Francisco, California

this 3rd day of June, 1935.

[342]

[Title of Court and Cause.]

STIPULATION FOR APPROVAL OF NARRATIVE
STATEMENT OF EVIDENCE.

IT IS HEREBY STIPULATED that the Narrative Statement of the Evidence heretofore lodged in this Court pursuant to Supreme Court Equity Rule 75 in the above-entitled cause on May 20, 1935, may be approved by the Court as lodged, copy thereof and ten days notice of presentation to the Court for approval having been served on attorneys for Defendant on May 20, 1935.

WRAY N. HOFFMAN

WM. S. GRAHAM

Attorneys for Plaintiffs

ASA G. KAZEBEER

ARLINGTON C. WHITE

Attorneys for Defendant.

Dated:

San Francisco, Calif.,
this 31st day of May, 1935.

[Endorsed]: Filed Jun 3, 1935. [343]

[Title of Court and Cause.]

PETITION FOR APPEAL.

To the Hon. A. F. St. Sure, United States District
Judge.

The above-named Plaintiffs, FRANS VAN DER GRINTEN and CHARLES BRUNING COMPANY, INC., a corporation, feeling aggrieved by the Interlocutory Decree entered herein on the 8th day of April, 1935, does hereby Appeal from said Decree to the United States Circuit Court of Appeals for the Ninth Circuit, for the reasons set forth in the Assignment of Errors filed herewith, and prays that its Appeal may be allowed and Citation be issued as provided by law, and that a transcript of the Record, proceedings, papers and documents upon which said Decree was based, duly authenticated together with the Exhibits on file, be sent by the Clerk of this Court to the United States Circuit Court of Appeals for the Ninth Circuit under the Rules of such Court and under the statutes in such cases made and provided; and your

Petitioner further prays that the proper Order relating to the required security for costs be made.

WRAY N. HOFFMAN

WM. S. GRAHAM

Solicitors and Counsel for
Plaintiffs.

Dated: May 2, 1935.

Receipt of a copy of the within Petition for Appeal is hereby acknowledged this 1st day of May, 1935.

ASA G. KAZEBEER

ARLINGTON C. WHITE

Attorneys for Defendant.

[Endorsed]: Filed May 2, 1935. [344]

[Title of Court and Cause.]

ASSIGNMENTS OF ERRORS

Now comes FRANS VAN DER GRINTEN and CHARLES BRUNING COMPANY, INC., the Plaintiffs above-named, and assign the following as the errors upon which they will rely upon Appeal to the United States Circuit Court of Appeals for the Ninth Circuit from an Interlocutory Decree entered herein by the United States District Court for the Northern District of California on the 8th day of April, 1935, that is to say:

I.

That the Court erred in making the Decree.

II.

That the Court erred in Ordering, Adjudging, and Decreeing that Defendant had not infringed claims 3, 4, 7, 8, 16, 40 and 41 of United States Letters Patent No. 1,821,281.

III.

That the Court erred in refusing to Order, Adjudge and Decree that Defendant infringed claims 3, 4, 7, 8, 16, 40 and 41 of United States Letters Patent No. 1,821,281. [345]

IV.

That the Court erred in refusing to enjoin and restrain Defendant from infringement of claims 3, 4, 7, 8, 16, 40, and 41 of United States Letters Patent No. 1,821,281.

V.

That the Court erred in its Finding of Fact No. 22 in refusing to include in said Finding that Defendant's process and products were within claims 3, 4, 7, 8, 16, 40, and 41 of Letter Patent No. 1,821,281.

VI.

That the Court erred in holding that thiourea must act as a reducing agent when present in the background of the finished diazo type print to come within the claims of Letters Patent No. 1,821,281, particularly claims 1, 3, 4, 7, 8, 16, 25, 40, and 41 of said Patent.

VII.

That the Court erred in holding that thiourea is not such a reducing agent which remains colorless

when oxidized and which counteracts the tendency of the chemicals in the background to themselves oxidize and darken.

VIII.

That the Court erred in refusing to give to Letters Patent No. 1,821,281 in suit, the liberal interpretation to which the Court found that said Letters Patent was entitled, and in refusing to decree that the use of thiourea when used in the background of positive diazo type prints, was an equally good ingredient and accomplished the same result in the same manner as other reducing agents which were held to be an infringement of said Letters Patent.

[346]

IX.

That in respect of Letters Patent No. 1,821,281, the Court erred in its Finding of Fact No. 28 taken in its entirety as follows:

“28. That it may be that there are circumstances in which thiourea acts as a reducing agent but thiourea as used in the light sensitive layer on Defendant’s paper is not a reducing agent in connection with the chemicals present in the background of a positive diazo type print made with Defendant’s paper, although thiourea does resist discoloration of the white background of a positive diazo type print to an appreciable extent for extended periods of time when present in said background.”

and particularly that portion of said Finding No. 28 which finds that—thiourea as used in the light

sensitive layer on Defendant's paper is not a reducing agent in connection with the chemicals present in the background of a positive diazo type print made with the Defendant's paper—to which Finding Plaintiff duly excepted and the exception was allowed.

X.

That in respect of Letters Patent No. 1,821,281, the Court erred in its Conclusion of Law No. 1 in that portion thereof as follows:

“that claims Nos. 3, 4, 7, 8, 16, 40, and 41 have not been infringed by the Defendant.”

to which Conclusion of Law Plaintiff duly excepted and the exception was allowed.

WHEREFORE, the said FRANZ VAN DER GRINTEN and CHARLES BRUNING COMPANY, INC., Plaintiffs herein, pray that the said Interlocutory Decree may be reversed in respect of the errors hereinabove assigned, and affirmed as to all other matters therein, and that the said District Court of the United States for the Northern District of California, in the Southern [347] Division, be directed to enter a Decree reversing its former Decree in part and establishing infringement by the Defendant of Claims 3, 4, 7, 8, 16, 40, and 41 of the United States Letters Patent No. 1,821,281, and ordering an accounting by Defendant for infringement of said claims and further Ordering and Decreeing that the Plaintiffs are entitled to an Injunction enjoining and restraining the Defendant

from infringement of said claims and for such other and further relief as may be meet and proper.

WRAY N. HOFFMAN

WM. S. GRAHAM

Solicitors and Counsel
for Plaintiffs.

Dated: May 2, 1935.

Receipt of a copy of the within Assignment of Errors is hereby admitted this 1st day of May, 1935.

ASA G. KAZEBEER

ARLINGTON C. WHITE

Attorneys for Defendant.

[Endorsed]: Filed May 2, 1935. [348]

[Title of Court and Cause.]

ORDER ALLOWING APPEAL.

In the above-entitled cause, the Plaintiffs having filed a Petition for Appeal, together with an Assignment of Errors, now, upon Motion of the Solicitors and Counsel for said Plaintiffs,—

IT IS HEREBY ORDERED that said Appeal be, and it is hereby allowed to the United States Circuit Court of Appeals for the Ninth Circuit from the Interlocutory Decree entered herein on the 8th day of April, 1935, and that a certified transcript of the record, proceedings, papers, and documents herein be forthwith transmitted by the Clerk of this Court to the United States Circuit Court of Appeals

for the Ninth Circuit, together with all exhibits on file and that Citation be issued as provided by law.

IT IS FURTHER ORDERED that the bond on Appeal be fixed in the sum of Two Hundred and Fifty Dollars (\$250.00), to act as a bond for costs on Appeal.

CURTIS D. WILBUR
United States Circuit Judge.

Dated, May 2, 1935.

[Endorsed]: Filed May 2, 1935. [349]

[Title of Court and Cause.]

COST BOND ON APPEAL

KNOW ALL MEN BY THESE PRESENTS:

That we, CHARLES BRUNING COMPANY, INC., a corporation, as principal, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation, as surety, are held jointly and severally and firmly bound unto DIETERICH-POST COMPANY, a corporation, in the full and just sum of Two Hundred and Fifty Dollars (\$250.00), to be paid to the said DIETERICH-POST COMPANY, a corporation, its executors, administrators, or assigns, to which payment well and truly to be made we bind ourselves, our heirs, executors, and administrators or successors, jointly and severally, by these presents. The conditions of this Bond are that:

WHEREAS, lately in the District Court of the United States for the Northern District of California, Southern Division, in a suit pending in said Court in which Frans Van der Grinten and Charles Bruning Company, Inc., were Plaintiffs, and Dieterich-Post Company, a corporation, was Defendant, a Decree was rendered in part against and in part in favor of the said Plaintiffs, and the said Plaintiffs intending to obtain from said Court an Order allowing Appeal to reverse the Decree of the aforesaid suit, and to perfect said Appeal by filing necessary papers therein and issuance of Citation directed to said Dieterich-Post Company, a [350] corporation, citing and admonishing them to be and appear at the United States Circuit of Appeals for the Ninth Circuit to be held in San Francisco in the State of California within thirty days from the date of such Citation,

NOW THEREFORE, the condition of the above obligation is such that if the said FRANS VAN DER GRINTEN and CHARLES BRUNING COMPANY, INC., a corporation, shall prosecute its said Appeal to effect and answer all costs if it fail to make its plea good, then this obligation to be void; otherwise, to remain in full force and effect; and the undersigned, surety, FIDELITY AND DEPOSIT COMPANY OF MARYLAND agrees that in case of a breach of any condition of the foregoing bond, the Court may, upon notice to it of not less than ten days, proceed summarily in the suit to ascertain the amount which such surety

is bound to pay on account of any breach of this bond and may render judgment therefor against said surety and award execution therefor.

Sealed with our seals and dated this 30th day of April in the year One Thousand Nine Hundred and Thirty-Five.

CHARLES BRUNING COMPANY, INC.

[Corporate By KNUD MURCK

Seal]

Its President

FIDELITY AND DEPOSIT COMPANY
OF MARYLAND

By GUERTIN CARROLL

Its Attorney in Fact

Attest:

C. A. BEVANS

Agent

The sum of the foregoing Bond and sufficiency of the surety is hereby approved.

A. F. ST. SURE

United States District Judge.

Dated: May 2, 1935. [351]

The premium charged for this bond is \$10.00 Dollars per annum.

State of California,

City and County of San Francisco—ss:

On this 30th day of April A. D. 1935 before me Charles H. Cunningham, a Notary Public in and for the City and County of San Francisco, residing therein, duly commissioned and sworn, personally

appeared, GUERTIN CARROLL, Attorney-in-Fact, and C. A. BEVANS, Agent of the Fidelity and Deposit Company of Maryland, a corporation, known to me to be the persons who executed the within instrument on behalf of the corporation therein named and acknowledged to me that such corporation executed the same, and also known to me to be the persons whose names are subscribed to the within instrument as the Attorney-in-Fact and Agent respectively of said corporation, and they, and each of them, acknowledged to me that they subscribed the name of said Fidelity and Deposit Company of Maryland thereto as principal and their own names at Attorney-in-Fact and Agent respectively.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County of San Francisco the day and year first above written.

[Seal] CHARLES H. CUNNINGHAM,
Notary Public in and for the City and County of
San Francisco, State of California. My com-
mission expires December 26th, 1938.

[Endorsed]: Filed May 2, 1935. [352]

[Title of Court and Cause.]

STIPULATION RE PRINTING TRANSCRIPT
OF RECORD ON APPEAL.

IT IS HEREBY STIPULATED by and between the parties to the above-entitled suit that the Title and Caption of the cause on the respective papers appearing in the Transcript of Record on Appeal may be eliminated in the printing thereof, except in the case of the Bill of Complaint, and that there may be substituted therefor the following words, "Title of Court and Cause";

IT IS FURTHER STIPULATED that the complete filing reference by the Clerk on the respective papers appearing in the Transcript of Record on Appeal may be eliminated in the printing thereof and that there may be substituted therefor the word "Filed", followed by the date on which the paper was filed.

WRAY N. HOFFMAN,

WM. S. GRAHAM,

Attorneys for Plaintiffs.

ASA G. KAZEBEER,

ARLINGTON C. WHITE,

Attorneys for Defendant.

Approved May 2, 1935.

A. F. ST. SURE,

U. S. District Judge.

Dated: San Francisco, California, this 1st day of May, 1935.

[Endorsed]: Filed May 2, 1935. [353]

[Title of Court and Cause.]

ORDER RE TRANSMITTAL OF ORIGINAL
EXHIBITS.

Good cause appearing therefor, IT IS HEREBY ORDERED that the Clerk of the above-entitled Court shall transmit all of the original Exhibits, except Plaintiffs' Exhibit 6, in the above-entitled suit, both physical and documentary, to the Clerk of the United States Circuit Court of Appeals for the Ninth Circuit for the use of that Court on the Appeal herein.

A. F. ST. SURE,
United States District Judge.

Dated: San Francisco, California, this 2nd day of May, 1935.

[Endorsed]: Filed May 2, 1935. [354]

[Title of Court and Cause.]

PRAECIPE FOR TRANSCRIPT OF RECORD
ON APPEAL.

To the Clerk of the above-entitled Court:

Please prepare Transcript of Record on Appeal in the above-entitled suit and transmit the same to the Clerk of the United States Circuit Court of Appeals for the Ninth Circuit, including in such Record the following:

1. Amended Bill of Complaint filed April 8, 1935.

2. Amended Answer to Plaintiffs Bill of Complaint filed April 8, 1935.

3. Memorandum of Opinion of Honorable Frank H. Kerrigan, dated November 26, 1934.

4. Stipulation Relative to Bill of Particulars filed April 8, 1935.

5. Finally Approved Findings of Fact and Conclusions of Law.

6. Plaintiffs' Exceptions to Findings of Fact and Conclusions of Law.

7. Defendant's Exceptions to Findings of Fact and Conclusions of Law.

8. Order Extending Time for Entry of Decree and Stipulation.

9. Interlocutory Decree. [355]

10. Narrative Statement of Evidence, including revised Deposition of Dr. Josef Loevenich.

11. Petition for Order Allowing Appeal.

12. Order Allowing Appeal and Fixing Amount of Cost Bond.

13. Assignment of Errors.

14. Bond on Appeal.

15. Citation on Appeal.

16. Stipulation with regard to printing Transcript of Record on Appeal.

17. Order for withdrawal and transmittal of original Exhibits.

18. This Praeceptum for Transcript of Record on Appeal.

Please also transmit to the Clerk of the United States Circuit Court of Appeals for the Ninth Circuit for use on said Appeal all the original physical and documentary Exhibits of Record in this cause as follows:

| Exhibit | Plaintiffs' Exhibit |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Letters Patent No. 1,821,281 to Van der Grinten. |
| 2 | Letters Patent No. 1,841,653 to Van der Grinten. |
| 3 | Certified copy file wrapper and contents, Patent No. 1,821,281 to Van der Grinten. |
| 4 | Certified copy file wrapper and contents, Patent No. 1,841,653 to Van der Grinten. |
| 5 | Stipulation as to receipt of notice of Infringement and also as to sale by Defendant. |
| 6 | (Omitted as it consists of Plaintiffs' Interrogatories and Defendant's Answers thereto which are a part of the permanent Record of the District Court, and the pertinent portion of which was read into the Record at the request of the trial Judge.) |
| 7 | Chart of prior art. [356] |
| 8 | Chart entitled "Invention in Patent 1,821,281." |
| 9 | Title page and pages 506 and 902 of "Modern Inorganic Chemistry" by J. W. Mellor, 1927. 1927. |

Exhibit

Plaintiffs' Exhibit

- 10 Rathke article in *Berichte*, 1884, pages 297 to 309, inclusive.
- 11 Pages 10 and 11 of Dictionary of Chemical Terms by James H. Couch and title page and page 92 of Funk and Wagnalls Dictionary.
- 12 Chart of Thiourea.
- 13 Certified copy of Holland application filed December 11, 1926 and translation of same.
- 14 Certified copy of Holland application filed February 10, 1927, and translation of same.
- 15 Certified copy of Holland application filed March 16, 1927 and translation of same.
- 16 Certified copy of Holland application filed May 23, 1928, and translation of same.
- 17 German patent 56,606, with translation.
- 18 Andresen article, *Photographic Correspondenz*.
- 19 Ruff and Stein article, pages 1668 and 1670 "*Berichte*" 34, 1901, with translation thereof.
- 20 British patent 210,862.
- 21 British patent 234,818.
- 22 Circular "Black and White Magic" and booklet "B. W. Instruction Manual".
- 23 Infringement letter.
- 24 Packers memo. and invoice.
- 25 Labels attached to Defendant's paper.

| Exhibit | Plaintiffs' Exhibit |
|---------|--------------------------------------------------------------------------|
| 26 | Directions for using Defendant's developer and paper. |
| 27 | Specimen piece of Defendant's Diepo Direcprint paper. [357] |
| 28 | Specimen of Defendant's developer. |
| 29 | Chart, analysis of Defendant's paper. |
| 30 | Specimen of finished diazo type print with thiourea therein. |
| 31 | Specimen of positive diazo type print having no thiourea therein. |
| 32 | Chart showing analysis of Defendant's Developer. |
| 33 | Specimen of finished Diazo type print with sodium thiosulfate therein. |
| 34 | Specimen of diazo type print containing thiourea and sodium thiosulfate. |
| 35 | Chart showing apparatus for use in developing BW prints. |
| 36 | Defendant's advertising folder showing device for applying developer. |

| Exhibit | Defendant's Exhibit |
|---------|--------------------------------------------------------------------------------|
| A | German patent to Kalle No. 526,370, with translation. |
| B | File wrapper and contents patent 1,735,059, 4/1/30 to Humphrey Desmond Murray. |
| C | Printed copy U. S. patent 1,444,469, 2/6/23, to Kalle & Co. (Kogel, inventor.) |
| D | German patent 427,570, 1/7/25, to E. Gronau, with translation. |
| E | U. S. Patent 1,803,906, dated 5/5/31, to Kalle & Co. |

| Exhibit | Defendant's Exhibit |
|---------|------------------------------------------------------------------------------------------------------|
| F | Lietz paper. |
| G | Post #500 paper. |
| H | Dietzgen paper. |
| I | Post #500 paper with Post developer and washed in hypo. [358] |
| J | Letter from Lietz Co. to Duncan. |
| K | Print made from Bruning paper. |
| L | Print made from Bruning paper. |
| M | Print made from Bruning paper and developer. |
| N | Letter, Renker-Belipa, 2/13/24, to Dieterich-Post. |
| O | Brown line print washed in plain water and not washed in hypo. |
| P | Brown line print washed with water and also washed in hypo and then again in water. |
| Q | Print made of 500 direcprint paper and developed with Defendant's developer and not washed in water. |

Dated: San Francisco, California, this 20th day of May, 1935.

WRAY N. HOFFMAN,
WM. S. GRAHAM,
Solicitors and Counsel for Plaintiffs.

Receipt of a copy of the within Praecipe is hereby admitted this 20th day of May, 1935.

ASA G. KAZEBEER,
ARLINGTON C. WHITE,
Attorneys for Defendant.

[Endorsed]: Filed May 20, 1935. [359]

District Court of the United States, Northern District of California.

CERTIFICATE OF CLERK TO TRANSCRIPT
OF RECORD ON APPEAL.

I, WALTER P. MALING, Clerk of the United States District Court, for the Northern District of California, do hereby certify that the foregoing 359 pages, numbered from 1 to 359, inclusive, contain a full, true, and correct transcript of the records and proceedings in the cause entitled FRANS VAN DER GRINTEN, et al. vs. DIETERICH-POST COMPANY, In Equity No. 3493-K, as the same now remain on file and of record in my office.

I further certify that the cost of preparing and certifying the foregoing transcript of record on appeal is the sum of \$53.60 and that the said amount has been paid to me by the Attorneys for the appellants herein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said District Court, this 26th day of June A. D. 1935.

[Seal]

WALTER B. MALING,

Clerk.

J. P. WELSH

Deputy Clerk. [360]

[Title of Court and Cause.]

CITATION ON APPEAL.

United States of America,—ss.

The President of the United States of America to
DIETERICH-POST COMPANY, a corpora-
tion,

GREETING:

YOU ARE HEREBY CITED AND ADMON-
ISHED to be and appear at a United States Cir-
cuit Court of Appeals for the Ninth Circuit, to be
holden at the City of San Francisco, in the State
of California, within thirty days of the date hereof
pursuant to an Order allowing an Appeal, of record
in the Clerk's Office of the United States District
Court for the Northern District of California,
Southern Division, wherein FRANS VAN DER
GRINTEN and CHARLES BRUNING COM-
PANY, INC., a corporation, are Appellants and you
are Appellee, to show cause, if any there be, why the
Decree or Judgment rendered against the said Ap-
pellants, as in the said Order allowing Appeal men-
tioned, should not be corrected, and why speedy
justice should not be done to the parties in that
behalf.

WITNESS, the Honorable Curtis D. Wilbur,
United States Circuit Judge for the Northern Dis-
trict of California this 2nd day of May, A. D. 1935.

CURTIS D. WILBUR,

United States Circuit Judge.

Due service and receipt of a copy of the within Citation on Appeal are hereby accepted as due personal service on behalf of the Appellee, DIETERICH-POST COMPANY, this 2nd day of May, 1935.

[Seal]

DIETERICH-POST COMPANY

By A. G. KAZEBEER

Secretary.

A.G.K.

[361]

[Endorsed]: Filed May 2, 1935.

In the United States Circuit Court of Appeals for
the Ninth Circuit.

Appeal Case

No. 7903

FRANS VAN DER GRINTEN and CHARLES
BRUNING COMPANY, INC.,

Appellants,

vs.

DIETERICH-POST COMPANY,

Appellee.

ORDER AND STIPULATION RELATIVE TO
PRINTING OF DOCUMENTARY EXHIB-
ITS IN PRINTED RECORD ON APPEAL.

IT IS HEREBY STIPULATED, subject to the approval of the Court, that the documentary exhibits of both Appellant and Appellee herein need not be printed in the printed Record on Appeal in the above entitled Court, with exception of the

(Endorsed): U. S. District Court, S. F. No. 3493. Frans vs. Dietrich. Pltf.
Exhibit No. 1. Filed Oct. 31, 1934. W. B. Maling, Clerk.

(Endorsed): No. 7903. U. S. Circuit Court of Appeals. Filed Jun. 26, 1935.

Paul P. O'Brien, Clerk.

Patented Sept. 1, 1931

1,821,281

UNITED STATES PATENT OFFICE

KAREL VAN DER GRINTEN AND LOUIS VAN DER GRINTEN, OF VENLO, NETHERLANDS, AS-
SIGNORS TO FRANS VAN DER GRINTEN, TRADING AS CHEMISCHE FABRIEK I. VAN DER
GRINTEN, OF VENLO, NETHERLANDS

MANUFACTURE OF DIAZO-TYPES

No Drawing. Application filed June 6, 1927, Serial No. 196,993, and in the Netherlands December 11, 1926.

This invention relates to the production of diazo-types in which layers containing diazo-compounds which are stable in the dark but are decomposed by light, are exposed to light through a transparent original and are then developed.

The sensitive layer is spread on suitable carriers such as paper or the like. The papers or the like thus obtained are suitable for making reproductions of transparent images such as drawings, photographs and the like.

It is well known that the usefulness of the process depends on the fact that in the illumination of the sensitive layer through a transparent picture or the like the diazo-compound is decomposed (probably with formation of a phenol) at the places where the light has been able to pass, so that formation of an azodyestuff with an azodyestuff coupling component is no longer possible, whereas at the places at which the light cannot pass the diazo-compound remains unaltered and can be coupled under suitable conditions with a coupling component to form an azodyestuff.

In sensitive layers in which the azo component is present together with the diazo compound a simple development by alkali suffices, for instance with gaseous ammonia or a similar volatile base. If the sensitive layer does not contain an azo-component the colour will be obtained by treating with a mixture of alkali and an azo-component.

The image obtained is positive when a transparent positive has been used. The development causes also the fixation of the image because a further action of light will not alter it.

The first technical process for obtaining positive copies was that of Green, Cross & Bevan (German Patent 56,606 of September 3rd, 1890) who used the diazo derivative of the dyestuff primuline as a sensitive substance and after exposure to light through a transparent original developed in a bath containing an azo-dyestuff component and generally an alkali.

Later it was found by Andresen, photographic correspondenz, 1895, Ruff and Stein Berichte 34, 1901, 1668, and others that not

only diazo derivatives of primuline are suitable in this process, but many other diazo compounds and that all diazo compounds are more or less sensitive to light. Ruff and Stein also used metal salts in the sensitive layer and salt in the developing bath.

Kalle, British Patent No. 210,862, discovered that diazo anhydrides are very stable diazo compounds and suitable in the positive diazo-type process and that these diazo compounds may be used together with azo-components in the same layer, because they are very stable against coupling. In this case development is effected with alkali alone, preferably with ammonia vapors. In a later patent Kalle, British Patent No. 234,818, describes that instead of diazo anhydrides other diazo compounds may be used with azo components in the same sensitive layer, provided that they do not couple per se in an acid or a neutral condition with any azo dyestuff component either in the dark or in the light. In another patent Kalle, Dutch Patent 14,150, mentions chinone-diazides as suitable diazo compounds. All these processes are imperfect because they do not produce sufficiently dark lines with a sufficiently clear bleached background and the background is liable to discolor in course of time.

It has now been found that aromatic diazo-compounds containing a tertiary nitrogen atom in the para-position to the diazo-group, such compounds being incapable of forming diazo-anhydrides or quinonediazides in any sense and not containing other substituents which might form anhydrides with the diazo-group, such as hydroxyl-carboxyl-, primary and secondary amino or sulphonic acid groups, are also very sensitive to light and stable; they have the advantage to give rise to dark colours in the unexposed parts and to practically absolute whiteness in the exposed parts.

This complete bleaching comprises ipso facto that the respective diazo-compounds do not couple quickly in the medium in which they are present, because otherwise with the phenol they produce they would form an azodyestuff during bleaching (which as a rule will be an azo-component very capable of

coupling) before the whole quantity of diazo-compound would be decomposed. Of course a white ground would then not be obtained.

When using diazo compounds which bleach completely when exposed to light, it is therefore always possible to use an azo dyestuff coupling component together with the diazo-compound in the light sensitive layer. However, with most diazo compounds and, also, with the abovementioned diazonium compounds, having a tertiary nitrogen atom in para-position to the diazo group, the difficulty arises that if they are used together with an azo dyestuff component in the light sensitive layer, coupling cannot be prevented for a long time even in the usual acid medium, and when the paper is stored the sensitive layer will become coloured and unfit for use after a relatively short time (a few days or even hours). Though therefore the diazonium compounds having in para-position to the diazo group a tertiary nitrogen atom are excellent if the azo dyestuff component is added during development they are less fit to be used without further precaution together with diazo compounds in the light sensitive layer.

It has been tried to reduce the tendency to coupling of these diazo compounds by introducing in the benzene nucleus which contains the diazo group other substituents such as halogens, alkyls, aralkyls, etc. By introducing such substituents it is possible to influence certain properties such as the darkness of color, the rapidity of development, etc., and also to reduce the tendency to coupling to a degree but it is not possible to reduce the tendency to coupling sufficiently for common practice.

Diazotype copies obtained from a sensitive layer containing diazonium compounds having in para position to the diazo group a tertiary bound nitrogen atom, will have the same disadvantage as other diazotypes of becoming yellow or brownish during storage. This defect is inherent to all known diazotype processes in more or less degree.

According to the invention this defect has been overcome not only in the preferably used diazotype process in which diazonium salts, having in para position to the diazo-group a tertiary bound nitrogen atom, and which do not contain groups which might give rise to the forming of anhydrides, are used but in diazotype processes generally.

The invention is based on the observation that the discoloration of the background in all kinds of diazotype processes can be prevented even for extended periods if a reducing agent is added to the sensitive layer, or during or after development of the picture.

Preferred reducing agents are organic substances such as aldehydes, amino compounds, aliphatic amido-compounds, poly-oxy-compounds or the like, and the reducing agents

are preferably used together with very small quantities of the substances with catalytic action defined as "anti-oxygènes" by Mourou (Chemisch Zentralblatt 1922 I 1317; Comptes Rendus 174 pages 258-264 and following).

If the reducing agents are added to the sensitive layers together with the other constituents the additional advantage is obtained that the small discolouring effect due to the oxidation of the components of the layer which may occur during long storage of it in the unexposed state is also prevented.

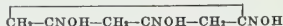
The addition of reducing agents makes it possible to maintain the required white background and thereby improve the use of the abovementioned diazonium-compounds containing in para-position to the diazo-group a tertiary nitrogen atom as a substituent, but it does not make it possible to use always a developing process with alkali alone, except with freshly-made sensitive layers, because this development requires a sensitive layer containing all ingredients necessary to form an azo-dyestuff and the resistance to coupling of such layers is not improved sufficiently by the aforesaid reducing agent.

By the present invention, however, these difficulties are also avoided in an original manner, so that it is possible to use diazo-compounds which show no great resistance to coupling in practical admixture with azo-dyestuff components and acids which are not injurious to paper. Thus one is less limited in the choice of the diazo-compounds. One can advantageously use such diazo-compounds as, like the aforesaid diazonium salts, contain a tertiary nitrogen atom as a substituent in the para-position to the diazo-group and form with suitable azo-dyestuff components the desired dark tone on a completely white ground.

According to the invention for the purpose in question there is used in the light sensitive layer not an azo-coupling component, but a non-coupling compound which however in the development of the photoprint with an alkali is converted into a coupling component. Such compounds may be obtained for instance by the action on a coupling component of an agent which inhibits the phenol-function. As an example of such an agent hydroxylamine may be cited. The agent may be added to the mixture of diazo-compound and azo-coupling component with which the sensitive layer is produced but it may also be caused to react previously with the azo-dyestuff component so as to form a derivative of this component having no tendency to couple, which derivative, however, under certain conditions, such as the combined action of a diazo-compound and an alkali reverts to its components.

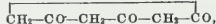
For example, by the action of hydroxylam-

ine on phloro-glucinol, the known triketo-hexamethylenetrioixime



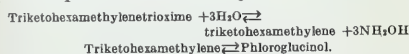
is formed (Adolf Bayer, Ber. 19, 159).

When this compound is decomposed there is formed the triketo-



which is tautomeric with phloro-glucinol.

When the triketo-hexamethylenetrioixime is present in the sensitive layer, the following reaction may be supposed to occur during the development of the azo-dyestuff:



The equilibrium in the first reaction is practically complete on the left hand side under conditions under which the paper is stored. On treatment with an alkali the coupling of the phloro-glucinol with the diazo-compound which then occurs shifts the equilibrium of the second reaction and thereby also that of the first towards the right which soon leads to the complete consumption of the trioixime with formation of azo-dye-stuff. For appreciating this equilibrium it may be remarked that mixtures of active coupling diazo-compounds with phloro-glucinol can be stored only for a few days or even less, whereas mixtures in which the phloro-glucinol is exchanged for an equivalent quantity of triketo-hexamethylenetrioixime but are otherwise the same remain permanent under like conditions for months; both mixtures couple on treatment with, for instance, gaseous ammonia, only the coupling in the latter case proceeds somewhat more gradually. Besides triketo-hexamethylenetrioixime there will probably be formed in a diluted solution of phloroglucinol and hydroxylamine other non-coupling compounds (for instance a compound of the composition



or such products will be formed as intermediate products in the conversion of the oxime into the coupling component phloroglucinol. It must be added that in the use of all these products, there must be present in the development some water in order to induce decomposition. In practice there is a sufficient quantity of water present in the paper and in the ammonia vapour.

In the case of necessity the ammonia vapour may be prepared intentionally moist. With sufficient excess of hydroxylamine, which may be added, for example, in the form of hydroxylamine-hydrochloride, the latter forms compounds not only with the phloro-glucinol but also with azo-coupling components in general (phenols), to form compounds (probably oximes derived from

the ketoform of the phenol in question) which do not have a tendency to couple, although by combined action of a diazo compound and an alkali they pass into compounds which do have this tendency.

To facilitate the formation of the hydroxylamine compound which does not have a tendency to couple and to hinder decomposition of this compound into the coupling component and hydroxylamine during storage, it is advantageous to use an excess of hydroxylamine and to protect the paper from damp. Because the formation of the hydroxylamine compound occurs only slowly the presence of the excess of hydroxylamine has no disadvantageous effect on the speed of development with alkali.

As a further example of a substance capable of converting azodyestuff components in a non-coupling condition semi-carbazide is mentioned.

The action of the substances such as hydroxylamine and semi-carbazide prevents the coupling in the sensitive layer by an action on the azodyestuff component. Though the action of hydroxylamine and phloro-glucinol may be explained as indicated above it is not proved that this reaction really takes place. It may be that other products are formed.

The action on other phenolic bodies by which the tendency of coupling is removed, may be of a similar character or of another character. It may be that compounds of hydroxylamine with many phenols have a purely aromatic constitution, but in all such compounds the phenolic function is inhibited.

In all cases the conversion of the non-coupling compounds into azo-coupling components occurs in one single operation with the development of the photo print. With advantage gaseous ammonia is used but of course it is also possible to develop in an alkaline bath.

It has further been found that the print may be developed with a pulverized alkaline substance strewn on the image. Care should be taken that sufficient moisture is present because in dry condition the development proceeds too slowly. A suitable alkaline substance for this purpose is sodium stannate.

Under certain conditions the development may be carried out in still another way:—

It has been found that by using a mixture of a diazo-compound with a compound produced by the action of an azo-coupling component with a substance such as hydroxylamine which inhibits the phenolic function, the picture can be developed without the addition of an alkali. In this case the sensitive layer must contain a salt of a strong base with a volatile feeble acid, or with an acid capable of being decomposed by heat. In this case a rapid development is possible by mere heating. The hydroxylamine compound is decomposed by the heat-

ing and the tendency of the azo-component to couple is therefore restored. In this manner the feeble acid or the acid decomposable by heat combined with a strong base is expelled and with it the effect of the acid residue in the diazonium compound. The medium thus becomes neutral or feebly alkaline which at raised temperature induces a rapid coupling.

In this process in which the presence of the decomposable salt requires a high resistance against coupling during storage, it is advantageous to use diazonium salts having in para-position to the diazogroup a tertiary nitrogen atom as a substituent and in which the benzene nucleus containing the diazo group has still one or more other substituents.

In order to prevent the so-called bleeding of the formed azo-dyestuff it is preferable to add salts like barium chloride. If the development is carried out in a bath, for example a bath containing an azo-coupling component, the salt may be added to the bath. In most cases however it is preferable to bring it together with the other components in the sensitive layer.

The following examples illustrate the invention, the parts being by weight:—

Example 1.—There is made a solution of 2 parts of 1-dimethylaminobenzene-4-diazonium chloride by diazotizing para-aminodimethylaniline with nitrous acid in 100 parts of water. To this solution is added 0.2 part of oxalic acid and 10 parts of barium chloride.

The solution is brushed on paper and dried. After exposure under a transparent original the paper is developed in a feebly alkaline solution of β -oxynaphthoic acid anilide, to which 0.4% of formaldehyde has been added.

There is obtained a positive brown-violet image on a white ground; which does not become yellow on keeping. Preferably, it is afterwards washed in a solution of formaldehyde of 0.4% strength.

Example 2.—There is made a solution of 30 parts of 1-diisoamylamine-3:5-xylenediazoniumchlorostannate, 5 parts of phloroglucinol and 5 parts of hydroxylamine hydrochloride in 1000 parts of water.

The solution is applied as described in Example 1.

The picture is developed in a solution containing 0.2 per cent. of sodium hydroxide and 0.4 per cent. of formaldehyde. There is obtained a positive which is black and does not become yellow on keeping.

Example 3.—There is made a solution of 0.2 part of phloroglucinol in 100 parts of water and there is added so much hydroxylaminehydrochloride that the reaction of phloroglucinol described in *Berichte*, vol. 8, page 967 and vol. 9 page 216 has disappeared from test samples. (The reaction in question is

best performed as follows:—To prepare the reagent 0.2 gram of aniline-hydrochloride and 0.1 gram of sodium nitrite are together dissolved in 100 cc. of water. After a long time a brown precipitate is formed which is filtered in order to obtain a clear filtrate constituting the reagent. To make the test, 2 drops of the reagent are added to the phloroglucinol solution, previously diluted to 10 cc. In presence of phloroglucinol there appears within 10 seconds a distinct yellow colour).

To this solution are then added under ordinary circumstances 1.5 parts of dimethylaminobenzene-4-diazoniumchlorostannate, 2 parts of oxalic acid, 2 parts of ammonium lactate, 1 part of urotropin, 2 parts of glycerine aldehyde, 0.02 part of pyrogallol and 0.01 part of metaphenylenediamine hydrochloride.

The solution is painted on paper and dried. After exposure under a drawing on transparent paper the picture is developed during 15–30 minutes in a chamber which contains ammonia vapour. There is obtained a practically black picture on a completely white ground, which does not become yellow.

Example 4.—The following solution is made:

- 30 parts of 1-diisoamylamine-3:5-xylene-diazoniumchlorostannate,
- 5 parts of phloroglucinol,
- 30 parts of oxalic acid,
- 20 parts of ammonium lactate,
- 20 parts of urotropin,
- 20 parts of glycerine aldehyde,
- 0.2 part of pyrogallol,
- 0.1 part of meta-phenylenediamine hydrochloride.

The solution is painted on paper and dried. The paper is only permanent for a relatively short time. After exposure under a drawing on transparent paper it is developed for 15–30 minutes in a chamber containing ammonia vapour.

There is obtained a practically black picture on a white ground which does not become yellow.

Example 5.—A solution is made of:

- 1.5 parts of 1-dimethylaminobenzene-4-diazoniumchlorostannate,
- 0.8 part of triketohexamethylenetrioxime,
- 0.3 part of hydroxylamine hydrochloride,
- 2 parts of oxalic acid,
- 2 parts of ammonium lactate,
- 1 part of urotropin,
- 2 parts of glycerine aldehyde,
- 0.01 part of meta-phenylenediamine,
- 100 parts of water.

The solution is painted on paper and dried. After exposure under a drawing on transparent paper the picture is developed for about 15–30 minutes in a chamber containing ammonia vapour. There is obtained a black brown picture on a white ground, the latter remaining white during storage.

Example 6.—The procedure is as described in Example 3. The picture obtained, however, is not developed by ammonia vapour but by friction with pulverulent sodium stannate.

Example 7.—The procedure is as described in Example 3, but a larger proportion of hydroxylamine hydrochloride is added and instead of 2 parts of oxalic acid there are used 3 parts of sodium acetate. The drying operation is performed particularly carefully at a low temperature. After exposure, the picture is developed by heating it, for example with a hot smoothing iron.

What we claim is:—

1. The process of rendering the back-ground of the diazo type prints substantially stable against discoloration which comprises including therein a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

2. The process of rendering the back-ground of the diazo type prints substantially stable against discoloration which comprises including therein a substance comprising a reducing agent, and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

3. The process of rendering the back-ground of the diazo type prints substantially stable against discoloration which comprises including therein a reducing aliphatic compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

4. The process of rendering the back-ground of the diazo type prints substantially stable against discoloration which comprises including therein a reducing amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

5. The process of rendering the back-ground of the diazo type prints substantially stable against discoloration which comprises including therein an aldehyde capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

6. The process of rendering the back-ground of the diazo type prints substantially stable against discoloration which comprises including therein a reducing polyoxy compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

7. The process for making diazo type prints which comprises applying to a base a

layer containing a diazo compound bleaching on exposure to light, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component.

8. The process according to claim 7 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

9. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said print, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component.

10. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, an azo dyestuff component and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, exposing such layer, and developing the exposed layer.

11. The process according to claim 10 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

12. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, an azo dyestuff component and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, exposing such layer, and developing the exposed layer.

13. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, a non-coupling compound decomposable into an azo dyestuff component and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, exposing such layer, and developing the exposed layer.

14. The process according to claim 13 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the compo-

nents forming the back-ground of said prints.

15. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, a non-coupling compound decomposable into an azo dyestuff component, and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said print, exposing such layer, and developing the exposed layer.

16. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said print, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

17. The process according to claim 16 wherein the reducing agent in both instances is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

18. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component, and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

19. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, an azo dyestuff component, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, exposing such layer, and contacting the exposed layer with a developer containing a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

20. The process according to claim 19 wherein the reducing agent in both instances is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

21. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, an azo dyestuff component and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, exposing such layer, and contacting the exposed layer with a developer containing a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

22. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, a non-coupling compound decomposable into an azo dyestuff component and a reducing agent capable of arresting under normal conditions the discoloration of the components of the back-ground of said prints, exposing such layer, and contacting the exposed layer with a developer containing a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

23. The process according to claim 22 wherein the reducing agent in both instances is an amino compound capable of arresting under normal conditions the discoloration of the components of the back-ground of said prints.

24. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, a non-coupling compound decomposable into an azo dyestuff component and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, and contacting the exposed layer to a developer containing a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

25. The process for making diazo type prints which comprises applying to a base

a layer containing a diazo compound bleaching on exposure to light, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

26. The process according to claim 25 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

27. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

28. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, and an azo dyestuff component, exposing such layer, and contacting the exposed layer with a developer containing a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

29. The process according to claim 28 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

30. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, and an azo dyestuff component, exposing such layer, and contacting the exposed layer with a developer containing a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

31. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light and a non-coupling compound decomposable into an azo dyestuff component, exposing such layer, and contacting the exposed layer with a developer containing a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

32. The process according to claim 31 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

33. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light and a non-coupling compound decomposable into an azo dyestuff component, and contacting the exposed layer with a developer containing a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints.

34. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, an azo dyestuff component, a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, and a salt yielding upon heating an alkaline material, exposing such layer, and developing the exposed layer by heat.

35. The process according to claim 34 wherein the salt is a salt of a strong base with a volatile acid which salt upon heating yields an alkaline material.

36. The process according to claim 34 wherein the salt is a salt of strong base with a heat decomposable acid which salt upon heating yields an alkaline material.

37. The process for making diazo type prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, a non-coupling compound decomposable into an azo dyestuff component, a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of said prints, and a salt yielding upon heating an alkaline material, exposing such layer, and developing the exposed layer by heat.

38. The process according to claim 37 wherein the salt is a salt of a strong base with a volatile acid which salt upon heating yields an alkaline material.

39. The process according to claim 37 wherein the salt is a salt of a strong base with a heat decomposable acid which salt upon heating yields an alkaline material.

40. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching upon exposure to light, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

41. The product according to claim 40 wherein the reducing agent is an amino com-

pound capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

42. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching upon exposure to light, and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

43. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching upon exposure to light and containing in the para-position to the diazo group a tertiary nitrogen atom substituted in the benzene nucleus or not but not containing a substituent which can react with the diazo group, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

44. The product according to claim 43 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

45. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching on exposure to light and containing in the para-position to the diazo group a tertiary nitrogen atom substituted in the benzene nucleus or not but not containing a substituent which can react with the diazo group, and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

46. As a new product, a base having a sensitive layer thereon containing a diazo compound, an azo dyestuff component, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

47. The product according to claim 46 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

48. As a new product, a base having a sensitive layer thereon containing a diazo compound, an azo dyestuff component, and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions

the discoloration of the components forming the back-ground of the finished print.

49. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching on exposure to light and containing in the para-position to the diazo group a tertiary nitrogen atom substituted in the benzene nucleus or not but not containing a substituent which can react with the diazo group, an azo dyestuff component, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

50. The product according to claim 49 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

51. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching on exposure to light and containing in the para-position to the diazo group a tertiary nitrogen atom substituted in the benzene nucleus or not but not containing a substituent which can react with the diazo group, an azo dyestuff component, and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

52. As a new product, a base having a sensitive layer thereon containing a diazo compound, a non-coupling compound decomposable into an azo dyestuff component, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished product.

53. The product according to claim 52 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

54. As a new product, a base having a sensitive layer thereon containing a diazo compound, a non-coupling compound decomposable into an azo dyestuff component, a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

55. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching on exposure to light and containing in the para-position to the diazo group a tertiary nitrogen atom substituted in the benzene nucleus or not but

not containing a substituent which can react with the diazo group, a non-coupling compound decomposable into an azo dyestuff component, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

56. The product according to claim 55 wherein the reducing agent is an amino compound capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

57. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching on exposure to light and containing in the para-position to the diazo group a tertiary nitrogen atom substituted in the benzene nucleus or not but not containing a substituent which can react with the diazo group, a non-coupling compound decomposable into an azo dyestuff component, and a substance comprising a reducing agent and a catalytically active material termed "antioxygene of Moureu" which substance is capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

58. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching on exposure to light, and a non-coupling compound decomposable into an azo dyestuff component.

59. The product according to claim 58 wherein the non-coupling compound is the reaction product of an azo dyestuff component and a substance inhibiting the phenol function of said azo dyestuff component.

60. The product according to claim 58 wherein the non-coupling compound is the reaction product of an azo dyestuff component and hydroxylamine.

61. The product according to claim 58 wherein the non-coupling compound is the reaction product of an azo dyestuff component and semicarbazide.

62. The product according to claim 58 wherein the non-coupling compound is the reaction product of phloroglucinol and hydroxylamine.

63. The product according to claim 58 wherein the non-coupling compound is the reaction product of phloroglucinol and semicarbazide.

64. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching on exposure to light and containing in the para-position to the diazo group a tertiary nitrogen atom substituted in the benzene nucleus or not but not containing a substituent which can react with the diazo group, and a non-coupling compound decomposable into an azo dyestuff component.

65. The product according to claim 64 wherein the non-coupling compound is the reaction product of an azo dyestuff component and a substance inhibiting the phenol function of said azo dyestuff component.

66. The product according to claim 64 wherein the non-coupling compound is the reaction product of an azo dyestuff component and hydroxylamine.

67. The product according to claim 64 wherein the non-coupling compound is the reaction product of an azo dyestuff component and semicarbazide.

68. The product according to claim 64 wherein the non-coupling compound is the reaction product of phloroglucinol and hydroxylamine.

69. The product according to claim 64 wherein the non-coupling compound is the reaction product of phloroglucinol and semicarbazide.

70. The process of rendering a sensitive layer containing a diazo compound bleaching upon exposure to light and an azo dyestuff component substantially stable against premature coupling which comprises including therein a reducing agent other than an acid capable of arresting the coupling activity of the components of said layer.

71. The process according to claim 70 wherein the reducing agent is hydroxylamine.

72. The process according to claim 70 wherein the reducing agent is semicarbazide.

73. The process of rendering a sensitive layer comprising a diazo compound bleaching upon exposure to light containing in the para-position to the diazo group a tertiary nitrogen atom substituted in the benzene nucleus or not but not containing a substituent which can react with the diazo group and an azo dyestuff component, substantially stable against premature coupling which comprises including therein a reducing agent other than an acid capable of arresting the coupling activity of the components of said layer.

74. The process according to claim 73 wherein the reducing agent is hydroxylamine.

75. The process according to claim 73 wherein the reducing agent is semicarbazide.

76. The process of rendering a sensitive layer containing a diazo compound bleaching upon exposure to light and phloroglucinol substantially stable against premature coupling which comprises including therein a reducing agent other than an acid capable of arresting the coupling activity of the components of said layer.

77. The process according to claim 76 wherein the reducing agent is hydroxylamine.

78. The process according to claim 76 wherein the reducing agent is semicarbazide.

79. The process of rendering a sensitive layer comprising a diazo compound bleaching upon exposure to light containing in the para-position to the diazo group a tertiary nitrogen atom substituted in the benzene nucleus or not but not containing a substituent which can react with the diazo group, and phloroglucinol substantially stable against premature coupling which comprises including therein a reducing agent other than an acid capable of arresting the coupling activity of the components of said layer.

80. The process according to claim 79 wherein the reducing agent is hydroxylamine.

81. The process according to claim 79 wherein the reducing agent is semicarbazide.

In testimony whereof we affix our signatures.

KAREL VAN DER GRINTEN.
LOUIS VAN DER GRINTEN.

COPY OF PATENT NO. 1,841,653

PLAINTIFFS' EXHIBIT NO. 2

(Endorsed): U. S. District Court, S. F. No. 3493. Frans vs. Dietrich. Pltf.
Exhibit No. 2. Filed Oct. 31, 1934. W. B. Maling, Clerk.

(Endorsed): No. 7903. U. S. Circuit Court of Appeals. Filed Jun. 26, 1935.
Paul P. O'Brien, Clerk.

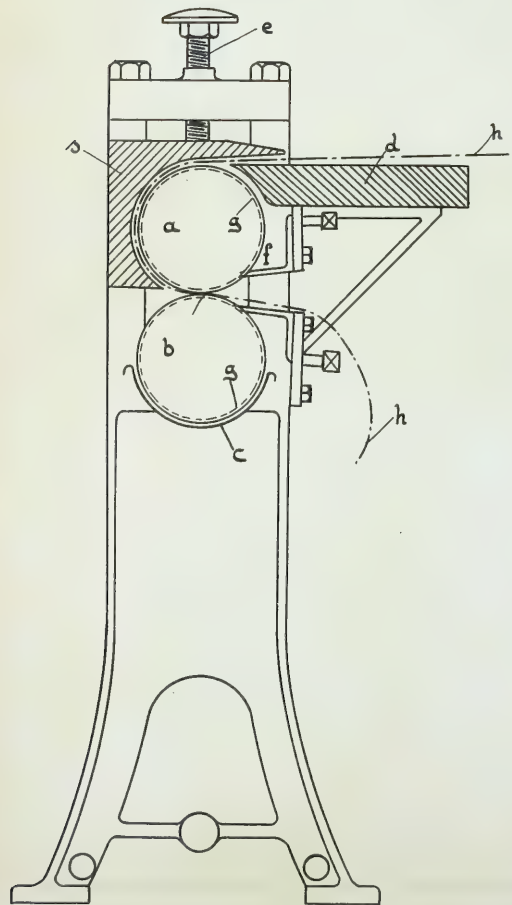
Jan. 19, 1932.

L. P. F. VAN DER GRINTEN ET AL

1,841,653

PROCESS FOR DEVELOPING POSITIVE DIAZO PRINTS

Filed Aug. 11, 1928



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PROCESS FOR DEVELOPING POSITIVE DIAZO PRINTS

Application filed August 11, 1928, Serial No. 299,042, and in the Netherlands August 22, 1927.

It is common knowledge that the positive diazo printing process is based on two properties of the diazo compounds:

(a) Their sensitiveness to light. The diazo compounds are decomposed (probably and on the whole into phenols) by exposure to light;

(b) Their property of forming azo dyes with substances known as azo-dye compounds.

Reaction (b) takes place mostly with the co-operation of alkalis. In the photographic diazo printing process, a film containing a diazo compound and generally disposed on paper is exposed to light under a transparent image, drawing or tracing, so that the diazo compound is decomposed on those areas of the film which are reached by light.

An azo dye is formed in the areas which are unaffected by light (and in which the diazo compound has remained unaltered) by treating the exposed film with an azo-dye component and alkali, while the areas which have been exposed to light remain colourless when treated in this manner. The image is simultaneously fixed, because after being subjected to this treatment (which may be also considered as a developing treatment) the image-forming areas (now containing a dye) as well as the background reached by light, are stable under any further action thereof. The positive diazo-printing process does not involve a separate fixing operation, which is necessary in most of the other photographic processes and which usually consists in removing either non-decomposed light-sensitive initial materials or certain substances formed by the action of light. In the positive photographic diazo printing process, the developing operation (which is simultaneously a fixing operation) consists exclusively in the addition of substances. It is in fact sufficient to add an alkali for developing purposes when the azo-dye components are initially embodied in the light-sensitive film, this being made possible in practice by using certain diazo compounds such as for example diazo anhydrides. The simplest known manner in which the alkali may be added is to subject the exposed sensitive film to the action of gaseous

ammonia, the prints being disposed in a developing tank containing ammonia vapour. The advantage of this method of proceeding is that developing baths are dispensed with, so that the pictures thus developed need not be dried.

This developing method has however the following disadvantages:

(a) The developing operation is comparatively lengthy, especially in the winter. At low temperature, the prints must remain in the ammonia-charged atmosphere for half an hour or more in order to be fully developed.

(b) When no complicated mechanical apparatus is used, this developing operation is highly tedious because of the unpleasant and injurious alkaline vapours.

The developing tanks must therefore be often in the open and the prints developed smell of ammonia for a long time.

These two main disadvantages are the reason why the diazo printing process with what is known as dry development is not used in practice as widely as the simplicity of the process might have warranted.

The above disadvantages are not to be found in the method of developing diazo prints in baths (described for example in Eder's "Handbuch der Photographie", 1899, pages 563-565, and in "Photographische Korrespondenz", 1895, pages 284-285) because

(a) the print may be developed in a few seconds, and (b) non-volatile alkalis may be used which evolve no offensive and injurious vapours.

This method however lacks the characteristic advantages inherent in dry development with the aid of vapours. Moreover, a difficulty involved in the use of baths is that the always more or less soluble azo-dyes merge one into the other, with the result that the images obtained are not sharp and the clearness of the background is affected.

The present process has the advantages of both the methods described in the foregoing while their disadvantages are entirely avoided. According to the present invention, an extremely thin layer of an alkaline liquid (which if necessary may contain an azo-dye component) is uniformly spread over the

whole area to be developed. Friction may be avoided, in which case the procedure consists in applying an extremely thin layer of the developing liquid on the surface to be developed. This makes it possible:

(a) To develop in a few seconds;

(b) To avoid offensive vapours by using non-volatile alkalis;

(c) To use a very thin layer of liquid, so that the prints remain dry and the colours do not merge;

(d) To use diazo compounds (by applying the alkaline developer together with the azo-dye components) which cannot be used (or can be used only under certain conditions) together with azo-dye components in the light-sensitive film, whereby the selection of diazo compounds is very large.

In the accompanying drawing, the single figure is a side view, partly in vertical section, of an apparatus for applying the developer.

This apparatus, which is of extremely simple character, comprises two vertically superposed and rubber-covered rolls *a* and *b*, the lower roll *b* revolving in a trough *c* containing the developing liquid and the upper roll bearing on the lower one by gravity or being pressed (hard when necessary) thereon by suitable means such as for example screws (e) acting upon the bearings of the roll. The lower roll is driven while the upper roll is preferably moved at the same peripheral velocity so that there is no friction at the line of contact.

The lower rubber roll *b* collects, while rotating, developing liquid from the trough *c* and conveys it to the line of contact of the two rolls. Here the liquid is practically entirely retained and flows back uniformly.

This extremely simple apparatus comprises moreover a small table *d* disposed in front of the upper roll and fitted with a simple guiding and flattening device *s* to prevent creases from being formed. A stripper may be advantageously provided to prevent the paper from adhering to the rolls. This stripper may be constituted by blades *f* projecting as far as the grooves *g* of the rolls.

When a print is passed between the two rolls with the side to be developed facing downwards, the said side is wetted by the developing liquid for a very short instant and is pressed between the two rubber rolls immediately after. To this end, the print *h* is laid on the table *d* with the image side upwards and is pushed between the upper roll *a* and the flattening device *s*; the roll *a* picks up the print and conveys it through the rolls *a* and *b*.

The print comes out at the other side between the rolls; it carries a sufficient quantity of developer and is practically dry. The chemical development reaction now takes place within a very short time (a few minutes

at most) in the film thus treated. There is however no necessity to wait, because the print develops of itself without further supervision.

Four metres of prints may be easily developed per minute when the width is suitable (usually 100 cm.). This rate of operation may be considerably increased by using a very concentrated developing liquid; it is also possible however, to work, if required, at a slower rate by using more dilute developers.

For small installations this simple apparatus may be replaced by smaller, simpler and cheaper means with the aid of which it is likewise possible to provide the light print with a uniform thin layer of developing liquid.

The developers which may be used according to this invention are aqueous solutions of alkalis or alkaline-reacting substances, mixed if necessary with azo-dye components such as phloroglucinol, resorcinol, resorcinic acids, naphthols, phenols, naphthol-sulphonic acids and the like. Should the light-sensitive film be devoid of substances preventing the prints from turning yellow, such substances may also be added to the developer.

The substances which prevent the prints from turning yellow may be incorporated in the light-sensitive film as well as in the developing liquid. As a general rule, reducing substances which are stable in an acid medium are preferably used in the light-sensitive film and those which are stable in an alkali medium are used in the developing liquid.

The alkaline substances used may advantageously be potassium carbonate, sodium carbonate and ammonium carbonate (the latter not so much to be recommended because it has a smell of ammonia) preferably mixed with buffer salts such as secondary phosphates, secondary citrates and generally salts of polyvalent weak acids and the like.

Buffer salts are salts by which the intensity of the alkaline reaction is decreased without affecting the potential alkaline reaction, especially salts of polyvalent acids, such as phosphoric acid, citric acid and the like, and salts having a neutral reaction, such as secondary sodium phosphate; which salt, for instance, if added to an alkali solution, forms tertiary phosphate. Said salt has an alkaline reaction, but in the presence of an excess of secondary salt the concentration of the OH-ions, which causes the intensity of the alkaline reaction, is very considerably decreased with respect to the original alkali solution and yet its alkaline action (capacity of neutralizing acids) remains the same.

In order that the printing may be as uniform as possible, a wetting agent such as alcohol, glycerine, Turkey-red oil and the like may be added to the developing liquid.

Example 1.—Prints obtained by exposing diazo-printing paper the light-sensitive film of which contains 1.dimethylamino.2.chlorobenzene.4.diazonium chloride, or 4.diethylamino-benzol-diazonium chloride, are printed with a developer by being guided between the rubber-covered rolls described in the foregoing. The said developer is an aqueous solution of 20 parts by weight of potassium carbonate, 30 parts by weight of disodium phosphate and 1.2 parts by weight of phloroglucinol, so that the print is developed. Positive images are thus obtained in dark to black colour on a light background. In the developer, the 1.2 parts by weight of phloroglucinol may be replaced by 4 parts by weight of resorcinol, 5 parts by weight of β -naphthol, 5 parts by weight of β -oxy-naphthoic acid anilide, 3 parts by weight of 2.7.dioxynaphthaline and the like. These are then dissolved in quantities of soda lye sufficient for dissolution and yield images in various dark colours.

In a similar manner, the potassium carbonate may be replaced by sodium carbonate or ammonium carbonate while disodium phosphate may be replaced by disodium citrate or the like.

The following may be added to the developer to prevent the print from turning yellow: 0.4% of formalin or 1% of urotropin and the like; or 5% of glucose, 2% of sodium lactate, 0.1% of pyrogallol.

The uniform spreading of the developer on the paper is assisted with 5% of methylated alcohol or 3% of glycerine or 1% of Turkey-red oil and the like.

Example 2.—A solution is made, which contains 1.8% of 1.diethyl-aminobenzol.4.diazonium chlorostannate and 1% of potassium sulphate. The solution is spread on paper and the like, and dried. After exposure under a drawing of transparent paper, a thin layer of an aqueous solution of 5% of potassium carbonate, 0.5% of phloroglucinol, 0.5% of resorcinol, 10% of potassium chloride, 10% of sodium citrate, 10% sodium hyposulphate and 10% of glucose is uniformly spread over the whole surface of the print with the apparatus shown. An entirely black picture is obtained, which is very stable against any tendency to become yellow, which would not be the case without the reducing means (citrate, hyposulphite and glucose).

Example 3.—A thin layer of a developing liquid constituted by an aqueous solution of 40 parts by weight of potassium carbonate and 60 parts by weight of disodium phosphate is spread as in Example 1 on prints obtained by exposing diazo printing papers containing 1.5 parts by weight of 2.7.dioxynaphthaline and 3% of oxalic acid to 5 parts by weight of 1.dimethylamino.3.5.xylo.4.diazonium chlorostannate; or 0.5 parts by weight of phloroglucinol and 3% of oxalic

acid, or 1.5 parts by weight of triketohexamethylenetrioxym, 0.3 parts by weight of hydroxylamine chloride and 2 parts by weight of tartaric acid to 5 parts by weight of 1.dimethylamino.3.5.xylo.4.diazonium chlorostannate; or the hydroxylamine compound of 0.2 parts by weight of phloroglucinol and two parts by weight of tartaric acid to 1.5 parts by weight of dimethylaminobenzene.4.diazonium chlorostannate; or combinations of these examples. All methods of printing described in Example 1 are also applicable to the present example.

Example 4.—Prints obtained by exposing diazo print papers made of diazo anhydrides with azo dye components are printed as in Examples 1, 2 or 3 and treated with a developer as in Example 3. All methods of printing described in Example 1 are applicable to this example.

What we claim is:—

1. The process for developing direct positive diazo prints which consists in impressing upon the surface to be developed an alkaline liquid containing an azo-dyestuff component and a reducing agent non-decomposable by alkali, in the form of a uniformly thin film.

2. The process for developing direct positive diazo prints which consists in impressing upon the surface to be developed an alkaline liquid containing an azo-dyestuff component and a buffer salt, in the form of a uniformly thin film.

3. The process for developing direct positive diazo prints which consists in impressing an alkaline liquid containing an azo-dyestuff component in the form of a uniformly thin film upon an exposed surface having a diazo compound therein, said film containing the azo-dyestuff component in an amount not substantially in excess of that required to couple with the diazo compound.

4. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

5. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkali and a buffer salt by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

6. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and a reducing agent non-decomposable by alkali by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

7. The process according to claim 6 wherein the reducing agent is a thiosulphate.

8. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance, an azo dyestuff component, and a reducing agent non-decomposable by alkali by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

9. The process according to claim 8 wherein the reducing agent is thiosulphate.

10. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and a wetting agent by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

11. The process for developing direct positive diazo prints containing a diazo compound of the type which can not be used together with azo-dyestuff components in the light sensitive layer which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and an azo-dyestuff component by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

12. The process for developing direct positive diazo prints containing a diazo compound of the type which can not be used together with azo-dyestuff components in the light sensitive layer which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkali, a buffer salt, and an azo-dyestuff component by spreading said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film being

substantially corresponding to that required to effect development of said surface.

13. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance by momentarily wetting the exposed surface with an excess of said liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

14. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkali and a buffer salt by momentarily wetting the exposed surface with an excess of said developing liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

15. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and a reducing agent non-decomposable by alkali by momentarily wetting the exposed surface with an excess of said developing liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

16. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance and an azodyestuff component by momentarily wetting the exposed surface with an excess of said developing liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

17. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkali, a buffer salt and an azodyestuff component by momentarily wetting the exposed surface with an excess of said developing liquid and removing

ing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

18. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance, an azodyestuff component and a reducing agent non-decomposable by alkali by momentarily wetting the exposed surface with an excess of said developing liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

19. The process for developing direct positive diazo prints which consists in saturating throughout its entire area the exposed surface of said prints with a developing liquid containing a non-volatile alkaline substance, and a wetting agent by momentarily wetting the exposed surface with an excess of said developing liquid and removing the excess immediately thereafter, so as to depose a uniformly thin film of said liquid to said surface, the quantity of the developing liquid contained in the film being substantially corresponding to that required to effect development of said surface.

In testimony whereof we affix our signatures.

Dr. LODEWIJK PIETER FRANS van der GRINTEN.

Dr. KAREL JAN JOSEF van der GRINTEN.

DISCLAIMER

1,841,653.—*Lodewijk Pieter Frans van der Grinten and Karel Jan Josef van der Grinten*, Venlo, Netherlands. PROCESS FOR DEVELOPING POSITIVE DIAZO PRINTS. Patent dated January 19, 1932. Disclaimer filed September 12, 1934, by the assignee, *Charles Bruning Company, Inc.*

Hereby enters its disclaimer of claims 7 and 9 of said patent.
[*Official Gazette October 9, 1934.*]

United States Letters Patent upon which the suit was based, but, if desired, the Court will inspect and consider them in their original form.

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Dated at San Francisco, California, this 6th day of July, 1935.

Approved and so Ordered:—

FRANCIS A. GARRECHT

United States Circuit Judge.

[Endorsed]: July 6, 1935. Paul P. O'Brien, Clerk.

[Endorsed]: No. 7903. United States Circuit Court of Appeals for the Ninth Circuit. Frans Van Der Grinten and Charles Bruning Company, Inc., a corporation, Appellants, vs. Dieterich-Post Company, a Corporation, Appellee. Transcript of Record. Upon Appeal from the District Court of the United States for the Northern District of California, Southern Division.

Filed June 26, 1935.

PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals
for the Ninth Circuit.



No. 7903

UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE NINTH CIRCUIT

FRANS VAN DER GRINTEN AND CHARLES BRUNING COMPANY,
INC. (a Corporation), *Appellants*,

v.

DIETERICH-POST COMPANY (a Corporation), *Appellee*.

BRIEF ON BEHALF OF PLAINTIFFS-APPELLANTS.

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No. 7903

UNITED STATES CIRCUIT COURT OF APPEALS

FOR THE NINTH CIRCUIT

FRANS VAN DER GRINTEN AND CHARLES BRUNING COMPANY,
INC. (a Corporation), *Appellants*,

v.

DIETERICH-POST COMPANY (a Corporation), *Appellee*.

Appeal from the District Court of United States for the
Northern District of California, Southern Division, at
San Francisco, In Equity.

BRIEF ON BEHALF OF PLAINTIFFS-APPELLANTS.

STATEMENT OF THE CASE.

This is an Appeal in Equity in a patent infringement suit. The original Bill of Complaint was filed January 27, 1933; the original Answer was filed March 20, 1933. (R. 7 and 29.) The suit was brought for an injunction and an accounting in the United States District Court for the Northern District of California, Southern Division, by plaintiffs-ap-

pellants, Frans Van der Grinten of Venlo, Limburg, Netherlands, and Charles Bruning Company, Inc., a New York Corporation having its principal place of business in New York, New York, against defendant-appellee, Dieterich-Post Company, a Corporation of California, on account of defendant's use, or sale to others for use, of a sensitized diazotype copying paper and of a developer; known respectively as "Dieterich-Post Diepo Direcprint Paper No. 500 and Developer Therefor", and on account of the use, or sales to others for use, of a certain device known as "No Ink Developer" for applying the developer in a uniformly thin film to an exposed print. By an "exposed print" is meant a print having a white background with a latent image thereon in faint yellow color resulting from exposing the sensitized paper to light through a transparent original of which a positive print is desired. The print is thereafter developed by some means such as the "No Ink Developer" in this instance.

The Bill of Complaint (*see footnote) charged infringement of two separate patents owned by plaintiffs. The first patent, No. 1,821,281, is for Manufacture of Diazotypes and was filed June 6, 1927, by the Van der Grinten brothers, Louis and Karel, as inventors, and issued September 1, 1931, to plaintiff-appellant Frans Van der Grinten, of Venlo, Netherlands, who subsequently assigned to plaintiff-appellant Charles Bruning Company, Inc. The other patent, No. 1,841,653, is for a Process for Developing Positive Diazo Prints, and was filed August 11, 1928, by the same Van der Grinten brothers, and issued January 19, 1932, to plaintiff-appellant Frans Van der Grinten, who likewise

(*Footnote: Before the suit came to trial, several amendments were made both in the Bill of Complaint and in the Answer. After trial, both parties stipulated that for the convenience of the Appellate Court, all of the amendments should be incorporated into reengrossed Amended Bill of Complaint and Amended Answer, respectively, so that the Appellate Court would have complete pleadings before it as single documents. Therefore the Clerk's Filing dates of Amended Bill of Complaint and Amended Answer will appear as subsequent to trial. For stipulation for filing thereof see R. 7 and 29.)

subsequently assigned to plaintiff-appellant Charles Bruning Company, Inc. Title was stipulated to be in plaintiffs (R. 66). Each of the aforesaid patents are based upon applications filed under what is known as the International Convention, as provided by Section 4887, Revised Statutes of the Patent Laws of the United States, (Title 35 U. S. C. A. Sec. 32). Patent 1,821,281 is based upon an application containing the combined subject matter of three applications filed in The Netherlands on December 11, 1926, February 10, 1927, and March 16, 1927, respectively, the earliest effective date of invention of the subject matter of the claims sued on being the filing date of the second-filed application, namely February 10, 1927. Patent 1,841,653 is based upon an application containing the combined subject matter of two applications filed in The Netherlands on August 22, 1927 and May 23, 1928, respectively, the earliest effective date of invention of the subject matter of the claims sued on being the filing date of the first-filed application, namely August 22, 1927. It is therefore apparent that both applications were filed in this country within twelve months from the date of filing the corresponding application in the Netherlands, as provided for by Sec. 4887, U. S. R. S., and are entitled to the dates of filing in The Netherlands.

The first-mentioned patent No. 1,821,281 entitled "Manufacture of Diazotypes", may be conveniently referred to as the "*Reducing Agent Patent*", and the second one No. 1,841,653 entitled, "Process for Developing Positive Diazo Prints", may be conveniently referred to as the "*Thin Film Patent*". Both have to do with the making of positive diazotype prints directly from a transparent positive.

During the pendency of the suit, but before the trial, a disclaimer as to claims 7 and 9 of patent 1,841,653 was filed in the Patent Office, and such disclaimer was entered and became a part of the record of the aforesaid patent, in accordance with Sec. 4917, U. S. R. S.; 35 U. S. C. A. Sec. 65. These two claims were not included in the issues at

the trial. Because of this disclaimer after filing suit, costs of suit apportionable to patent 1,841,653 were properly denied pursuant to Sec. 4922 U. S. R. S.; 35 U. S. C. A. Sec. 71.

Claims in Suit.

At the trial the issues were limited to claims 1, 3, 4, 7, 8, 16, 25, 40, and 41 of the Reducing Agent Patent 1,821,281, and to claims 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18 of the Thin Film Patent 1,841,653. (See Stipulation R. 51.)

Proceedings on Trial.

The case was tried before the late Honorable Frank H. Kerrigan, partly on deposition and partly on evidence taken in open court. The District Court wrote a Memorandum Opinion (R. 30), holding among other things that: 1. Both patents are valid. 2. The invention of the Reducing Agent Patent No. 1,821,281 is a pioneer invention and is entitled to a liberal interpretation. 3. Claims 1 and 25 of the Reducing Agent Patent No. 1,821,281 were infringed. 4. Claims 3, 4, 7, 8, 16, 40 and 41 of the Reducing Agent Patent No. 1,821,281 were not infringed. 5. All of the claims, namely 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18, of the Thin Film Patent No. 1,841,653, sued on, were infringed.

The District Court ordered that an interlocutory decree be entered enjoining defendant from infringing the claims of said patents declared to be infringed and decreeing that plaintiffs were entitled to recover damages and such costs of suit as were apportionable to the first patent No. 1,821,281, and referring the question of the amount of damages to a Special Master.

With respect to the non-infringement of claims 3, 4, 7, 8, 16, 40 and 41 of The Reducing Agent Patent No. 1,821,281, the Memorandum Opinion states:

“First, is the *thiourea* present in the light sensitive layer of the Diepo paper sold by defendant a reducing agent? * * * Plaintiffs’ experiment indicates that

thiourea resists discoloration to some extent, but that is not the test. Plaintiffs' patent covers the process of arresting discoloration only when accomplished by introducing a reducing agent at some stage of making the print so that it is present in the background of the finished print. Plaintiffs' *theory* of this invention is that the discoloration of the backgrounds is due to the oxidation resulting from the exposure to the atmosphere, and that a reducing agent which remains colorless when oxidized counteracts the tendency of the chemicals in the background to themselves oxidize and darken. Is *thiourea* such a reducing agent? I do not believe that the evidence shows that it is. *It may be that there are circumstances in which thiourea acts as a reducing agent*, but I do not believe that it is important if it does not do so when used in connection with the chemicals present in the backgrounds of diazo prints. Dr. Loevenich's deposition goes to the heart of this question. He testifies that *thiourea* forms an addition compound with a certain chemical present in the background of the finished print and that this compound discolors less easily and is more resistant to oxidation than the substance before reacting with *thiourea*. He also tells of tests which show that *thiourea* is not subject to oxidation. I find that *thiourea* as used in the light sensitive layer on defendant's paper is not a reducing agent, although it does arrest discoloration. This was the view taken by the German Patent Office in ruling on the opposition by the Van der Grintens to the first Kalle patent. The claims of this patent which call for the presence of a reducing agent in the light sensitive layer on the paper, namely claims Nos. 7, 8, 16, 40 and 41 are not infringed." (Italics ours)

Subsequent to the decision of the District Court, Finally Approved Findings of Fact and Conclusions of Law were submitted and entered (R. 36), to which plaintiffs and defendant filed exceptions (R. 45 and R. 48). The Court then entered an Interlocutory Decree enjoining the defendant, and ordering an accounting (R. 53).

The case now comes before this Court on an appeal by plaintiffs from that portion of the Interlocutory Decree

ordering, adjudging and decreeing that defendant has not infringed claims 1, 3, 4, 7, 8, 16, 40, and 41 of patent No. 1,821,281 *with respect to thiourea*. Appellee has not filed a cross-appeal at all either as to that portion of the Decree holding both patents valid or as to those claims which were decreed to be infringed.

Inasmuch as plaintiffs-appellants have assigned as error, among other things, the failure of the Court to hold that certain claims of the Reducing Agent Patent No. 1,821,281 were infringed by Thiourea, this Brief will first discuss the history of the art, the Van der Grintens' discovery, the commercial success, the pioneer character of the patent and the validity thereof, and then the infringement by Thiourea, and will subsequently discuss the claims and the Thin Film Patent, which the District Court held has been infringed, and, as to which, the defendant-appellee has filed no cross-appeal.

ERRORS RELIED UPON.

The errors assigned (R. 446) may be briefly summarized as follows:

1. That the Court erred in making certain holdings in the Decree.
2. That it was error to find non-infringement of claims 3, 4, 7, 8, 16, 40 and 41 of the Reducing Agent Patent No. 1,821,281.
3. That it was error to find defendant's process and products were not within claims 3, 4, 7, 8, 16, 40 and 41. of the Reducing Agent Patent No. 1,821,281.
4. That the Court erred in holding *thiourea* must act as a reducing agent when present in the background of the finished diazotype print to come within the claims of the Reducing Agent Patent No. 1,821,281, particularly claims 1, 3, 4, 7, 8, 16, 40 and 41.

5. That the Court erred in

a) not giving the Reducing Agent Patent No. 1,821,281 the liberal interpretation of a pioneer patent to which it found said patent was entitled.

b) not decreeing that *thiourea* when used in the background of positive diazotype prints was equivalent to sodium *thiosulphate* which was held to be an infringement and that *thiourea* was an equally good ingredient and accomplished the same result in the same manner as other reducing agents, including sodium *thiosulphate* which was held to be an infringement of said patent.

6. That it was error to hold *thiourea* is not such a reducing agent which remains colorless when oxidized and which counteracts the tendency of the chemicals in the background to themselves oxidize and darken.

7. That the Court erred in finding that plaintiffs must prove that *thiourea* as used in the light sensitive layer on defendant's paper is a reducing agent in connection with the chemicals present in the background of a positive diazotype print made with defendant's paper.

BASIS OF ERROR IN DECREE OF DISTRICT COURT.

The Trial Court found that *thiourea* present in the light sensitive layer of the Diepo paper sold by defendant acts to arrest the discoloration of the background of finished diazotype prints; that *thiourea* may be a reducing agent under some circumstances; that claim 1 was infringed by sodium *thiosulphate* but not by *thiourea*; and that claims 1, 3, 4, 7, 8, 16, 25, 40 and 41 were good and valid. In spite of these findings the Trial Court held that *with respect to thiourea* claims 1, 3, 4, 7, 8, 16, 40 and 41 of patent 1,821,281 are not infringed because the evidence *fails to prove* that *thiourea* acts in a reducing manner *in the environment of the chemicals in the back-*

ground of a diazotype print. There is nothing in the description and there is no limitation in the claims of this patent which specifies that the reducing agent shall act in a *reducing manner in the background of the finished print.* The Court's error in holding that the aforesaid claims are not infringed appears to be based upon the erroneous assumption that a patentee must prove the theory of action of the chemicals employed in the process. *The Reducing Agent Patent is not limited to a theory of action of chemicals in arresting discoloration of the background of the print and the claims of the patent contain no limitation of a theory of action of chemicals in the background of the print.* Moreover, the Court's holding is contrary to the requirements of the law which does not require a patentee to even state a theory much less prove a theory of action of chemicals used in the process. All that the law requires is that a patentee set forth the process or mode of operation in such full, clear and concise terms as to enable a person skilled in the art to obtain the patentee's results and that a patentee disclose one means for carrying the process or mode of operation into practice. It is not essential or necessary that the patentee either understand or set forth a theory of the action of chemicals involved in the process.

The District Court held that the Reducing Agent Patent No. 1,821,281 was a pioneer patent and was entitled to a liberal interpretation, but in spite of this holding, failed to give any consideration to the doctrine of liberal interpretation accorded pioneer patents or any consideration to the doctrine of equivalents. *Thiourea not only comes within the definition of a reducing agent but likewise is a clear equivalent of sodium thiosulphate which has been held to be an infringement.* Defendant-appellee infringes the claims 1, 3, 4, 7, 8, 16, 40 and 41 of the Reducing Agent Patent because *thiourea* was proven to be a reducing agent and was capable of arresting discoloration of the background of diazo prints and furthermore accomplished the

same results in the same manner and was equally good for the purpose as sodium *thiosulphate* which was held to be an infringement. *Thiourea*, therefore, comes within the doctrine of equivalents in accordance with well established and recognized law.

It is our earnest belief that the questions presented on this appeal are largely questions of the correct application of well established doctrines of patent law, and that if the Trial Court had correctly applied the law, a finding of infringement of the aforesaid claims would have been the inevitable result.

HISTORY OF THE ART.

In the testimony of Dr. Van der Grinten (R. 112-115) and in the specification of the Reducing Agent Patent (lines 39-79 of page 1), there is a clear and vivid picture given of the history of the art. It will be seen that one of the first technical processes for obtaining positive diazotype prints was invented by Green, Cross and Bevan. Their processes were disclosed in German patent No. 56,606 of September 3rd, 1890. These patentees used a diazo derivative of the dye-stuff primuline as a sensitive substance and after exposure of the print developed it in the bath containing an azo dye-stuff component and generally an alkali.

In 1895, Andresen found that diazo compounds other than derivatives of primuline could be used in the light-sensitive layer.

In 1901, Ruff and Stein, likewise, found and disclosed that still other diazo compounds could be used in the sensitive layer of the diazo print. Their discovery was published in *Berichte* 34, 1901, 1668.

The art lay dormant for more than twenty years before any other discovery in diazo prints was made known to the world. In about 1924, Kalle invented a diazo print which carried not only the diazo compound but also the azo dyestuff coupling component in the sensitive layer.

In the Kalle process the print was developed with ammonia fumes.

The principal objection to and defect of these old diazo prints was that the background was subject to discoloration. After the prints had been in use for a little while or after having stored the prints in the drawer, file, cabinet or the like, the background became discolored. Due to the discoloration, the value of the print was impaired and ultimately rendered practically useless. This was particularly true in connection with many of these old diazo prints which were imperfect and which did not have sufficiently dark and clear-cut image lines with sufficiently clear bleached background.

The art was struggling with the outstanding problem of the discoloration of the background of diazo prints and of endeavoring to find a solution to the problem by which the art would be provided with a satisfactory and acceptable diazo print which possessed sharp and clear-cut image lines with a white bleached background which was not subject to discoloration in the course of time. The diazo print had to be capable of being produced on an industrial scale and had to be capable of being used commercially. Although many proposals and attempts had been made, none had successfully solved the outstanding problem and none had provided the art with the satisfactory and acceptable diazo print, the background of which was not subject to discoloration.

THE VAN DER GRINTENS' DISCOVERY.

The inventors, the Van der Grinten brothers, had been engaged in the photographic reproduction art in Holland since the World War. They became aware of the problem confronting the diazotype art and investigated the possibilities of solving the problem and providing the art with a satisfactory diazo print having a background which was not subject to discoloration. After a thorough investigation and

analysis of the problem and after a great deal of experimentation, the source of the trouble involved in the discoloration of the background of diazo prints was discovered. After discovering the cause, the Van der Grintens conducted further experimentation and discovered the remedy for the difficulty.

In or about 1926 or 1927, the inventions involved in the Reducing Agent Patent, No. 1,821,281, and the Thin Film Patent, No. 1,841,653, were made. Due to the Van der Grintens' inventions, the art was provided with a satisfactory, successful and acceptable positive diazo print having a background in which the discoloration was arrested for extended periods of time. The essence of the discovery of the Reducing Agent Patent was the inclusion in the background of the finished print of a reducing agent capable of arresting the discoloration of the background.

The Van der Grintens' discovery was so remarkable that it revolutionized the art and established a new industry and met with great commercial success. The Trial Court held that the invention involved in the Reducing Agent Patent is a *Pioneer Invention*.

**THE COMMERCIAL SUCCESS OF THE REDUCING
AGENT PATENT NO. 1,821,281 ESTABLISHES
THE PATENTABILITY AND THE PIONEER
CHARACTER THEREOF.**

The invention of the Reducing Agent Patent revolutionized the diazotype art and had immediate commercial success in Europe (R. 114-115). The Van der Grintens, the patentees, thereupon also made applications for the patents in the United States which are here in suit, and while those applications were pending, Dr. Van der Grinten consummated a commercial arrangement with the Plaintiff, Charles Bruning Company. The Charles Bruning Company has commercially exploited the inventions of the patents in suit in the United States, and these inventions have likewise revo-

lutionized the diazo print art in the United States. The sales in United States alone which were begun in 1929, rapidly mounted from year to year. A good idea of the growth of the sales may be gained from the following schedule:

| Year | Sensitized Paper | Developer |
|------|----------------------|-------------|
| 1929 | 127,000 Square Yards | 2,300 Cans |
| 1933 | 975,000 Square Yards | 23,000 Cans |

In other words, there was an increase of approximately One Thousand (1,000%) per cent in four years. To the time of the trial, 4,500,000 square yards of paper and 100,000 cans of developer were sold. (R. 205.) The commercial success enjoyed by the Charles Bruning Company in the exploitation of the Reducing Agent and Thin Film Patents has been remarkable and the acceptance and recognition by the trade has been very impressive.

The Charles Bruning Company, one of the outstanding long-established firms in the blue-print, photostat and reproduction business in the United States, immediately recognized, through its background of experience, the technical value and commercial importance of the Van der Grintens' inventions. They paid tribute to the Van der Grintens by contracting to pay \$30,000 for rights under the inventions of the two patents in suit. (R. 203-204.)

To the highest degree that commercial success ever counts in favor of patentability, it must do so in the present case because of the long period and wide expanse of commercial barrenness that preceded it.

Where an invention produces a new industry, revolutionizes the art and goes into immediate commercial success, patentability is present and cannot be denied.

Diamond Rubber Co. v. Consolidated Rubber Tire Co., 220 U. S. 428; 55 L. Ed. 527.

Eibel Co. v. Minnesota and Ontario Paper Co., 261 U. S. 45; 67 L. Ed. 523.

Wahl Clipper Corp. v. Andis Clipper Co., 66 Fed. (2nd), 162 (C. C. A. 7).

O. K. Jelks & Son v. Tom Huston Peanut Co., 52 Fed. (2nd), 4, 7.

Hughes Tool Co. v. International Supply Co., 47 Fed. (2nd), 490 (C. C. A. 10).

Permutit Co. v. Harvey, 279 Fed. 713 (C. C. A. 2).

Sherman Clay Co. v. Searchlight Horn Co., 214 Fed., 86 (C. C. A. 9).

**THE REDUCING AGENT PATENT NO. 1,821,281 IS A
PIONEER PATENT AND COVERS THE MANU-
FACTURE OF DIAZOTYPES CONTAIN-
ING REDUCING AGENTS.**

The invention of The Reducing Agent Patent No. 1,821,281 has to do with the manufacture of positive diazo prints, commonly called diazotypes. Positive diazotypes are photographic reproductions (prints) and are called diazotypes because the print is derived from a copying paper having a light sensitive layer thereon containing one or more diazo compounds. A positive print has a white or light colored background with an image of dark or black or other color standing out in bold relief on such background. The reason it is called a diazotype print or more commonly termed "diazotype" is because a diazo compound plays an essential role in making the entire print, namely, the white background and the colored image.

Diazo compounds suitable for making diazotype prints have two special properties, namely, they are:

1. sensitive to light, decomposing to give initially white products but tending to become yellow.
2. capable of combining or coupling with a chemical termed an azo dyestuff coupling component to form an azo dyestuff or color.

Diazo compounds practicable in the diazotype process usually are of a yellowish or brown color, and when exposed to light commonly used in photographic reproduction work, are decomposed into other chemical compounds which are

practically white in color. When the diazo compounds are brought together with an azo dyestuff coupling component in an alkaline medium, a dyestuff having a dark or black or other color is produced. (R. 71-72)

In the making of a positive diazotype print directly from a positive transparent tracing, drawing, picture, etc. of which a print is desired, the transparent tracing is placed on top of and in contact with the face of a copying paper which has thereon a light sensitive layer containing a diazo compound. The sensitive layer is exposed through such tracing to light which is commonly used in photographic reproduction work. (R. 71, and Plaintiffs' Exhibit No. 7, Chart of Prior Art, R. 83.) During the exposure, the light passes unhindered through the transparent portion of the tracing between and surrounding the image lines of the tracing and strikes or impinges upon the exposed portions of the sensitive layer of the copy paper underneath. The action of the light on these exposed portions of the sensitive layer causes the diazo compound of such portions to be decomposed and thereby changed from the original faint yellow color to a practically white color thereby forming what is called the background of the print. When the exposure is completed, the tracing is separated from the diazotype copying paper. At this point of the procedure, the diazotype copying paper has the latent image in faint yellow outline corresponding to the image of the tracing standing out in faint relief on a white background. (R. 73, and Plaintiffs' Exhibit No. 7, Chart of Prior Art, R. 83.) To complete the print and thus change the faint yellow image to a permanent black or dark or other color, the diazotype copying paper is next subjected to the action of a chemical developer containing an azo dyestuff coupling component and a suitable alkaline substance, such as sodium carbonate, to make the liquid medium alkaline. This may be done by simply dissolving the azo dyestuff coupling component and an alkaline substance like sodium carbonate in water, to form a solution and then ap-

plying such solution in a suitable manner such as by submerging the print in the solution. This treatment with the developer causes the faint yellow image to be converted to a permanent dark or black color due to combination of the diazo compound of the latent image with the azo dyestuff coupling component of the developer. The print is then dried. This results in the formation of a finished positive diazo print which has a dark or black image standing out in bold relief on an initially white background. (R. 73-74 and Plaintiffs' Exhibits Nos. 30 and 33.)

An alternative method of procedure is as follows: In place of using a diazotype copying paper having a sensitive layer containing the diazo compound only, a copying paper with a sensitive layer thereon containing both the diazo compound and the azo dyestuff coupling component may be used, but in this latter case it is necessary to have an acid present in the sensitive layer in order to prevent the two compounds from reacting with each other before exposing and developing. In the language of the art, the presence of the acid in a sensitive layer of this nature is to *prevent premature coupling* before exposing and developing. When a diazotype copying paper of this latter type is used, a developer which contains only an alkali and not an azo dyestuff coupling component is employed because the coupling component is already present in the sensitive layer or coating on the surface of the copying paper. The alkali of the developer may be a non-volatile alkali like sodium carbonate, or may be a volatile alkali like ammonia fumes. (R. 74-77.)

The initially white backgrounds of positive diazotype prints made in accordance with either of the aforesaid procedures show a pronounced yellowing or browning within a short time when kept for record purposes in a desk drawer or filing cabinet or when left on a desk or table for reference and use. (R. 78-79.)

The invention of the Reducing Agent Patent No. 1,821,281 is concerned with *the arrest of discoloration of the back-*

ground of the finished print, not with the discovery of the cause of it. The inventors first discovered the cause and then provided the remedy. (R. 79-80.) The Reducing Agent Patent teaches the art how to arrest discoloration of the backgrounds of diazotype prints.

By the invention of The Reducing Agent Patent No. 1,821,281, the defect of discoloration in all types of diazotype processes can be arrested even for extended periods if a reducing agent that acts to arrest the discoloration is present in the background of the finished print. (R. 80.) Such reducing agent may be incorporated in the print at any stage of its manufacture as explained clearly and fully in the specification of the Reducing Agent patent. It may be added to the sensitive layer of the copying paper or to the developer or to both the layer and the developer or after development. The teaching in the patent is that the reducing agent be present in the finished print or picture. (R. 80-83, and Plaintiffs' Exhibit No. 8, Chart entitled Invention in Patent 1,821,281; R. 83.) The patent covers the process of arresting discoloration of a background of a print by introducing a reducing agent at any stage of making the print so that it is present in the background of the finished print. The patent points out types and particular examples of types of reducing agents which are preferred, and the important thing about them is that, when they are present in the background of the finished print, the background resists discoloration to an appreciable extent for extended periods. (Lines 55-64 of page 2 and examples 1-7 on pages 4 and 5 of patent 1,821,281.)

**CLAIMS OF THE REDUCING AGENT PATENT NO.
1,821,281 DEFINE THE INVENTION AND ARE
NOT UNWARRANTEDLY BROAD.**

Claims 1, 3, 4, 7, 8, 16, 25, 40 and 41 of the Reducing Agent Patent No. 1,821,281 are charged to be infringed and the Lower Court held all of these claims to be valid but

only claims 1 and 25 to be infringed. For convenience, a copy of the patent appears in the Transcript of Record at page 464.

Claim 1 of the patent which has been held to be valid and infringed is representative of the process claims 3 and 4 and reads as follows:—

“The process of rendering the background of the diazotype prints substantially stable against discoloration which comprises including therein a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints.”

It will be observed that the claim specifies including a substance which is a reducing agent and which is capable of arresting under normal conditions discoloration in the background of the print. In other words, claim 1 defines the Van der Grintens' process of arresting discoloration in the background of diazotype prints and specifies that the substance used for this purpose is named

1. a reducing agent

and is

2. capable of arresting under normal conditions the discoloration of the components forming the background of said prints.

It is to be noted that not a single word is mentioned in claim 1 regarding how the substance acts in the background of the print. The claim teaches those skilled in the art to *include in the background of the print a reducing agent capable of arresting discoloration*. The teaching is simple and the language is clear. It does not require a person skilled in the art to investigate whether a substance acts as a reducing agent in connection with the chemicals present in the backgrounds of diazo prints before using it. In distinct contrast, the claim particularly teaches the art to use a substance known in chemistry as a “*reducing agent*” which

is capable of arresting discoloration of the background of the prints. *If the substance is known as a reducing agent in chemistry and if the substance is capable of arresting the discoloration as described, then such a substance is within claim 1.* Both of the characteristics of the substance are capable of being ascertained easily and quickly. *Under no circumstances, does the claim require those skilled in the art to determine how the substance acts in the background or to determine the kind of chemical action occurring therein.* Defendant experienced no trouble at all in following the teachings of the patent and of the claim and in selecting *thiourea* which is (1) a reducing agent and which is (2) capable of arresting discoloration in the background of the print.

Claims 3 and 4 are similar to claim 1 except claim 3 calls for “*a reducing aliphatic compound*” and claim 4 calls for “*a reducing amino compound*”.

Claims 7, 8, 16 and 25 are patterned upon the spirit of claims 1, 3 and 4, except that they call for further specific steps. Claims 7 and 8 are concerned with a process of applying to a base a layer containing a diazo compound bleaching on exposure to light and a reducing agent capable of arresting under normal conditions the discoloration of the background of the print, then exposing the layer to light in conjunction with a tracing, etc., and finally contacting the exposed layer with a developer containing an azo dye-stuff coupling component. Claim 16 is similar to claims 7 and 8 except that it specifies that the developer also contains a reducing agent. Claim 25 is likewise similar except that the reducing agent is used only in the developer.

Claims 40 and 41 are product claims. For convenience claim 40 reads as follows:—

“As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching upon exposure to light, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of the finished print.”

This claim defines a copying paper having a sensitive layer containing a diazo compound bleaching upon exposure to light and a reducing agent, such as *thiourea*, capable of arresting the discoloration of the background of the print.

As for the claims of the Reducing Agent Patent, we do not claim a result; others may accomplish the result in a different way, for example, by employing substances other than reducing agents or equivalents thereof.

Defendant raised the question as to whether the Reducing Agent Patent covered both organic and inorganic reducing agents. However, there is no limitation in the patent as to a particular type or class of reducing agents which may be used. The patent broadly discloses the use of reducing agents, among which certain classes of organic reducing agents are the preferred, and species of these preferred classes are described. Besides, seven specific examples are given of some of the forms by which the invention may be carried out. Dr. Van der Grinten testified that the reducing agents in the sense of the patents may be organic or inorganic. (R. 91-93.) Defendant's expert Dr. Lazar testified that under the terms of the patent there was no limitation solely to organic reducing agents. (R. 332-334.)

Defendant-appellee has contended that the claims of the patent were improper and were too broad because they attempted to define a result. Of course, this contention is without foundation and is untenable. As a matter of fact, the Trial Court held that the claims of the patent when read in connection with the specification and the examples are not unwarrantedly broad, and held that the claims are valid. (R. 31.)

The claims of the Reducing Agent patent are of the type deemed proper by the court in the case of *General Electric Co. v. Nitro Tungsten Lamp Co.*, 266 Fed. 994, wherein at 1000, it is stated:—

“It was impossible to give exact measurements, because the economic object of the lamp was to diminish

the wattage per candle, and dimensions must be proportioned to the designed wattage *i. e.*, substantially to the size of the lamp, something to be worked out according to rules presumably long familiar to a competent electrical engineer. *It was unnecessary to do more than state the limits of the invention in terms of result because the results desired are not functional,* and do indicate limits in terms of lamp life and candle power which are likewise presumably quite familiar to any competent electrician. *When a claim defines achievement in words no broader than the disclosure and in phrases which, as interpreted by competent workers in the art, tell one how to do what the patentee did, it can rarely be called indefinite.*" (Italics ours)

and by the Supreme Court of the United States in *Tilghman v. Proctor*, 102 U. S. 707; 26 L. Ed. 279, where at 728 the Court states:—

“The mixing of certain substances together, or the heating of a substance to a certain temperature is a process. If the mode of doing it, or the apparatus in or by which it may be done, is sufficiently obvious to suggest itself to a person skilled in the particular art, it is enough in the patent, to point out the process to be performed, without giving supererogatory directions as to the apparatus or method to be employed. If the mode of applying the process is not obvious, then a description of a particular mode by which it may be applied is sufficient. There is, then, a description of the process and of one practical mode in which it may be applied. Perhaps the process is susceptible of being applied in many modes and by the use of many forms of apparatus. The inventor is not bound to describe them all in order to secure to himself the exclusive right to the process if he is really its inventor or discoverer. But he must describe some particular mode or some apparatus by which the process can be applied with at least some beneficial result in order to show that it is capable of being exhibited and performed in actual experience.”

In the same case (*Tilghman v. Proctor*), the Supreme Court quotes Chief Justice Taney in *O'Reilly v. Morse*, 15 Howard 119:—

“It seems to us that this clear and exact summary of the law affords the key to almost every case that can arise. ‘Whoever discovers that a certain useful result will be produced in any art by the use of certain means is entitled to a patent for it, provided he specifies the means.’

* * * * *

“It is very certain that the means need not be a machine, or an apparatus; it may as the court says, be a *process*.” (Italics by the Court.)

The claim which the Court had under submission was:

“The manufacturing of fat acids and glycerine from fatty bodies by the action of water at a high temperature and pressure.”

The claim was sustained as valid. The present case is on all fours with the foregoing and the analogy of the claims of patent here in suit may be demonstrated by a comparison:—

Claim in Tilghman v. Proctor
(*Premise*)

The manufacturing of fat acids and glycerine

(*New step of the Process*)
by the action of water at a high temperature and pressure.

Claim 1 of Patent 1,821,281
here in suit.
(*Premise*)

The process of rendering the background of the diazotype print substantially stable against discoloration.

(*New step of the Process*)
including therein a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints.

Neither of these claims claim a principle, result or function. In one instance, others might use a process for manufacturing fat acids and glycerine in other ways than by action of water at a high temperature and pressure; in the other instance, others might use a process for rendering the background of the diazotype prints substantially stable against discoloration, in other ways than by including therein a reducing agent capable of arresting discoloration. It is not objectionable to describe the reducing agent by its function or by the result it accomplishes. That is not claiming the result, nor the function. It is claiming a means for accomplishing a result. That means is a *reducing agent*; and not even every reducing agent but only those reducing agents which are capable of arresting the discoloration of the print under normal conditions. Van der Grintens discovered in this art that discoloration was due to oxidation, and they invented the means to overcome the difficulty, as did Bell in the *Telephone Cases* in which it was held that:—

“In doing this, both discovery and invention in the popular sense of those terms, were involved; discovery in finding the art, and invention in devising the means of making it useful. For such discoveries and such inventions the law has given the discoverer and inventor the right to a patent—as discoverer, for the useful art, process, method of doing a thing he has found: and as inventor, for the means he has devised to make his discovery one of actual value. Other inventors may compete with him for the ways of giving effect to the discovery, but the new art he has found will belong to him and those claiming under him during the life of his patent.” *Telephone Cases*, 126 U. S. 1; 31 L. Ed. 863.

The claims here are also of the types sustained as valid by the Circuit Court of Appeals for the Second Circuit in the “*Pectin Case*” from which sustained claims claim 5 of Patent 1,304,166 is quoted:

“5. The process of making fruit jellies consisting in adding to fruit juice a given quantity of sugar and a

proportional quantity of concentrated fruit pectins sufficient to jellify the mass without prolonged boiling.”

Douglas Pectin Corporation v. Armour & Co., 27 Fed. (2d) 815; (C. C. A. 2.)

From the foregoing claim, it will be noted that adding sugar to fruit juice was old and that pectin as a fruit acid product was old. The patentability resides in the fact that the patentee was the first to discover that pectins could be added to a batch of fruit and sugar in an amount sufficient (or capable) to jellify the mass without the usual old-fashioned prolonged boiling.

Likewise, in the patent in suit No. 1,821,281 there were known methods of making diazotype prints, but the art did not know how to prevent discoloration of the background. Reducing agents, as such, were well known in the chemical arts, the same as pectin was a known substance in the preserving arts. The Van der Grintens discovered the cause of the discoloration and discovered the step in the process of introducing a reducing agent into the background of the finished print capable of arresting the discoloration. The same inventive and patentable effect was accomplished as was accomplished by the patentee in the pectin patent when he introduced pectin in an amount sufficient to jellify the batch of fruit without prolonged boiling.

Similar claims were sustained by District Judge Campbell as follows:—

Patent No. 1,564,378, claim 3:

“3. As an article of manufacture an unbleached fur skin or the like suitable for bleaching and being impregnated with a solution of ferrous salt.”

Patent No. 1,573,200, claim 1:

“1. The method of bleaching fur skins and the like which comprises treating the fibers with an oxidizing agent in the presence of a protecting agent comprising a reducing compound.”

Stein v. Windsor, 31 Fed. (2d) 128.

This type of claim is patentable because the invention accomplishes a new result or an old result in a better way, even though the means for accomplishing the result may be old but is used in a new environment to accomplish a new use and a novel and beneficial result which had theretofore not been known. In view of the aforesaid decisions, there cannot be the slightest doubt that the claims involved herein in the Reducing Agent Patent are proper and valid as held by the Trial Court and are of the same type which have been sustained by our courts in a long line of decisions including the aforementioned famous ones of the Supreme Court.

PRIOR ART AFFIRMS PATENTABILITY OF THE REDUCING PATENT NO. 1,821,281.

Of the many prior patents and publications set up in the Answer, only one single U. S. Patent No. 1,444,469 to Kogel of Kalle & Company (Defendant's Exhibit C; R. 66) has been urged as an anticipation against the claims of the Reducing Agent Patent No. 1,821,281. Defendant-appellee has also attempted to urge the process of making the so-called Brown or Negative Prints as an anticipation of the claims of The Reducing Agent Patent.

The Kogel U. S. Patent No. 1,444,469 of Kalle & Co. urged by defendant-appellee as an anticipation is a duplicate as regards subject matter of the British Kalle & Co. Patent No. 210,862 which is referred to in line 57 of page 1 of The Reducing Agent Patent No. 1,821,281. Defendant-appellee has admitted this by stipulation at R. 328. A copy of the aforesaid British Patent is in evidence as Plaintiffs' Exhibit No. 20 (R. 116). Kalle & Co., the owner of the aforesaid U. S. and British Kogel Patents, is the same Kalle & Co. which, Dr. Van der Grinten has testified (R. 200) has taken a license under Van der Grintens' foreign patents in nearly all countries of the world.

Plaintiffs-appellants' expert, Dr. Van der Grinten has testified (R. 113) that the process of the Kalle British Patent is the same as that illustrated in the right-hand (erroneously designated as left-hand at R. 113) part of Exhibit No. 7 (Plaintiffs' Exhibit No. 7, Chart of Prior Art, R. 83). Dr. Van der Grinten testified (R. 75-77) that such process as illustrated on the right-hand (erroneously designated as left-hand) part of Exhibit No. 7, involves the use of a copying paper having a sensitive layer thereon which contains both the diazo compound and the azo dyestuff coupling component and sufficient acid for the purpose of preventing the premature coupling of the diazo compound with the azo dyestuff coupling component before printing and developing. The development of such a sensitive layer after exposure is effected by either ammonia fumes or by a bath containing a non-volatile alkali like sodium hydroxide. Dr. Van der Grinten also testified (R. 156) that the acid used in the layer according to the process described in the British Kalle patent is either tartaric or citric acid, and that the purpose of the addition of such acid to the sensitive layer is *solely* to prevent the premature formation of the azo dyestuff by the interaction of the two components in the layer during handling, shipping, storing and merchandizing and before use in making and developing a print.

Dr. Van der Grinten testified (R. 160) that he has personally made tests according to example 3 of the British Kalle patent aforementioned, and that, although a very small residual amount of sodium citrate or sodium tartrate was present in the finished print depending upon whether tartaric or citric acid was added to the sensitive layer, he never could find that this residual amount of citrate or tartrate did in any way arrest discoloration to an appreciable extent.

With reference to this British Kalle Patent, Dr. Van der Grinten testified (R. 199-200) that such patent indicates the quantity of tartaric or citric acid which should be added

to the sensitive layer, and that such quantity is so small that the tartrate or citrate formed and remaining in the finished print is insufficient to counteract the discoloration of the background of the finished print. Besides, the purpose of the Kalle patent in adding these acids to the sensitive layer was not to arrest discoloration of the finished print but to acidify the sensitive layer and to prevent premature coupling of the diazo compound and azo dyestuff coupling component. This fact was clearly recognized by the Court. (R. 199.)

“Q. With respect to the British Patent to Kalle, 210,862, does this patent state anything as to the quantity that is required to be used?

“A. It certainly does. On page 1, lines 80 to 83, the patent says: ‘To obtain still greater stability of the light sensitive layer small additions of acid such as tartaric or citric acid are made.’ In Example 3, in the same patent, ‘In 1000 parts of water there are used 5 parts by weight of tartaric acid.’ Consequently the tartaric acid is applied to the paper in a solution $\frac{1}{2}$ per cent strong.

“Q. Then in the Kalle patent the tartaric acid is not added in an amount sufficient to arrest the discoloration of the background of the finished print?

“A. In the Kalle patent the tartaric or citric acid is not used in a quantity sufficient to form in the finished print tartrates or citrates in an amount sufficient to counteract the discoloration of the finished print in a way which would be at all appreciable.

The Court: “Q. That was not one of the purposes of the patent, either, was it?

“A. It was in no way the purpose of the patent for adding these acids. The patent adds the acids to prevent a premature reaction between the diazo compound and the azo component in the sensitive layer or (*before*) exposure because when such a reaction would have taken place then, of course, there would have been no more diazo compounds present and the whole process, which is based upon the particular properties of the diazo compound, could not have been carried out.” (*before*) erroneously omitted at R. 200.

With regard to the corresponding Kogel U. S. patent of Kalle & Co. advanced as an anticipation, *defendant-appellee's expert, Dr. Lazar, has admitted (R. 298-299) that the term "reducing agent" does not appear at any place throughout this patent and, besides, there is not one word in such patent concerning the discoloration of the background of the finished print.* Dr. Lazar has admitted (R. 300) that the sentence beginning in line 78 of page 1 and ending at line 80 of the same page of this Kogel patent, reads as follows:

"To obtain still greater stability of the light sensitive layer *small additions of acid*, such as tartaric or citric acid are made." (Italics ours)

and (R. 304) that according to the quoted sentence the purpose of adding the acid to the sensitive layer is to prevent the premature coupling of the diazo compound and the azo dyestuff coupling component and, further, that the purpose of preventing premature coupling of the sensitive layer is *entirely different* from the purpose of arresting discoloration of the background of the diazotype print.

Dr. Lazar has likewise admitted (R. 304-305) that he has not practiced the process of example 3 of the Kogel U. S. patent which example is the same as example 3 of British Patent No. 210,862 (Plaintiffs' Exhibit No. 20), and that he does not know whether a print made according to such example will or will not discolor in the background after extended periods of storage.

It is a well settled rule that un contemplated or accidental results in a prior patent do not anticipate a patent in which a full disclosure is made. This is the rule as laid down in the case of *United Verde Copper Co. v. Pierce-Smith Converter Company*, 7 Fed. (2d) 13, where at page 16 the Court states:

"If in this operation Heywood's workmen at any time hit upon the amount and composition of the flux required by the Smith process and attained its result,

it was purely accidental and was without profit to the art and without value as an anticipation.”

and at page 17:

“Moreover, were the question of invention closer than it seems to be, the position which the invention promptly took in the art would aid in deciding it, for it is recognized that the fact that an art has long presented a problem and that the process of a patent has solved it, as well as the fact that the process has gone into large general uses and has produced new and economical results, speak for its inventive character.”

This rule has been recognized by our Courts and has been well settled by the Supreme Court of the United States in *Tilghman v. Proctor, supra*.

Sepia or Brown Prints.

Defendant has attempted to bring into the case the prior art process of making brown prints, as an anticipation, Brown prints are known in the art by a number of various names, to wit: Sepia, Van Dyke, Brown, Negative or Brown-line prints. Apparently, this Brown Print process was brought into the case because sodium thiosulfate commonly known as “hypo” is used in fixing the print. Brown prints, the materials used therein, or the process of making or using the same, have nothing to do with the diazo-type prints involved in the present suit.

In the making of a brown print (R. 189-191) a transparent original tracing, etc., of which a print is desired, is placed upon a copying paper having a sensitive layer thereon containing a silver compound and a ferric salt, and exposing the sensitive layer to light through said original. During the exposure the light passes unhindered through the transparent portions of the original tracing, etc. to the corresponding portions of the sensitive layer underneath. The light upon reaching these portions of the sensitive layer causes the silver compound and ferric salt to react

together and thereby form a brown color. In those portions of the sensitive layer protected by the image lines of the original and through which the light could not penetrate, the silver compound and ferric salt of the sensitive layer remain unaltered and in their original state. Thus, the exposed print consists of a brown background with a white image. To convert this exposed print to a finished print, it is necessary to subject it to a fixing operation, which is really the removal of all of the unreacted chemicals remaining on the print. This fixing operation involves first, a thorough washing with water, next a washing with sodium thiosulfate, and finally a second washing with water. The first washing removes all of the water soluble compounds but does not remove the insoluble silver compound. The washing with thiosulfate converts the insoluble silver compound into a water soluble one. The second washing with water washes the water soluble compound formed as a result of the thiosulfate treatment from the print. In other words, the second washing removes the water soluble silver compound *and the thiosulfate* from the print. After the fixing operation, the print obtained is a negative, that is, a print having a white image on a brown background.

Dr. Van der Grinten testified (R. 189-190) that the Brown Print process produces negative prints, and that the sodium thiosulfate is used in such process as part of the fixing operation, namely the removal of the insoluble silver compounds from the print. Defendant's witness, Mr. Duncan, corroborates this (R. 422-423). Mr. Duncan testified (R. 415) that to get a positive or brown-line print it is necessary to make a reprint from the negative made by the brown print process.

The very purpose of the *positive* diazotype involved in the present suit is to make a *positive* print directly from a transparent *positive* tracing and thus *eliminate* the necessity of an intermediate negative as in the Brown Print Process. Obviously, in a negative the background is opaque and is brown so that no problem of discoloration of a white

background as in Diazo Prints is involved (R. 142-144; 189-192).

A comparison of the old brown print with the present diazotype print will clearly bring out the distinction existing between the two prints. For convenience, the following comparative schedule is given;—

| | Brown Print | Diazotype Print |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Components of Sensitive Layer | Silver Compound Ferrie Salt | Diazo Compound |
| Latent Image After Exposure Beneath a Transparent Positive Original | Brown background Unaltered silver compound and ferrie salt in lines or parts of image. | White background Unaltered diazo compound in lines or parts of image. |
| Treatment required to change latent image to finished print | Wash with water to remove soluble compounds. Wash with thiosulfate to convert insoluble silver compound into soluble one. Wash with water to remove soluble silver compound and thiosulfate. | Add alkaline developer containing: (1) Azo dyestuff coupling component, to combine with unaltered diazo compound to form black or colored lines or parts of image and (2) Thiosulfate (reducing agent) to remain permanently in background in sufficient amount to arrest discoloration. |
| Product | Brown background with white image lines and <i>free from thiosulfate</i> comprising an intermediate negative print. | White background with black or colored image lines and <i>permanently containing sufficient thiosulfate</i> to arrest discoloration of background comprising a finished positive print. |

From the foregoing schedule, it is clear that the *Brown-Print Process produces only an intermediate negative with a brown background having white image lines and free from thiosulfate*; whereas the Diazotype Process involved

in the present suit produces a finished positive print with a white background having black or colored image lines and permanently containing sufficient thiosulfate to arrest discoloration of the background.

The trial Court justly and correctly recognized that the use of sodium thiosulfate in the Brown Print process was for a purpose entirely different than the purpose for which it is used according to the invention of the patents in suit. In the Memorandum Opinion, (R. 33) it is stated:

“It is contended by defendant that the use of sodium thiosulfate was so well known in the blue printing and allied arts that any skilled workmen would naturally use it. True, it was used in the art, but for a different purpose. It was used as a solvent of chemicals insoluble in water in the blue print and sepia processes. If an artisan had used it, it would have been as a result of fumbling, and not with an understanding of its chemical function as a reducing agent. The prior art did not teach its use in this connection.”

Effect of Patent Office Action.

The Officials of the Patent Office were duly notified of all known prior art due to the fact that the patentees made specific reference to prior patents in the specification of the Reducing Agent Patent. (Page 1, lines 39 to 79 of Patent No. 1,821,281.) With the prior art before them, the Patent Office Officials found that the quality of invention over the art cited by the inventors themselves and also found by the Patent Office Examiner was such as to render the invention patentable. This Action, on their part, creates a presumption of patentable novelty over the prior art which can be overcome only by clear proof that they were mistaken and that the combination lacks patentable novelty over the prior art. This is the well established rule as laid down in

Fairbanks v. Stickney, 123 Fed. 79, C. C. A. 8.

Canda v. Michigan, 124 Fed. 486, C. C. A. 6.

Coffin v. Ogden, 18 Wall. 120; 21 L. Ed. 821.

Kalle Patents.

The Defendant has referred to Kalle & Company's German Patent No. 526,370 (Exhibit "A" for identification; R. 126-128) and the corresponding U. S. Patent No. 1,803,906 (Exhibit "E"; R. 282-283). *At the outset, it should be noted that U. S. Patent No. 1,803,906 was stricken out on motion.* The aforesaid German Patent was filed in Germany on February 16th, 1928 (R. 283), and the corresponding U. S. Patent was filed in United States on February 6th, 1929. (Exhibit "E".) The Reducing Agent Patent No. 1,821,281 in suit was filed in Netherlands on December 11th, 1926, and in United States on June 6th, 1927 (Exhibit No. 1; R. 65). In other words, the Reducing Agent Patent in suit has an effective filing date practically three years earlier than the Kalle U. S. filing date and practically two years earlier than the Kalle German filing date. Of course, these Kalle U. S. and German Patents are too late and do not have any anticipatory or other effect on the Reducing Agent Patent in suit and have no proper place in the case. Kalle and Company, the owner of the German Patent No. 526,370 and corresponding U. S. Patent No. 1,803,906, is the same Kalle and Company which took a license under plaintiff Van der Grintens' foreign patents in nearly all countries of the world (R. 200). In view of the late dates of the Kalle patents and in view of the acknowledgment of the dominating position of plaintiff Van der Grintens' patents by Kalle due to their taking a license, it is clear that the German and U. S. Kalle patents are without any force or effect in the present suit.

Murray Patent.

The Defendant has referred to U. S. Patent No. 1,753,059 to Murray (Exhibit "B"; R. 66). As may be clearly seen from this Exhibit, Murray has a filing date in United States of September 14, 1929, and in Great Britain of July 14, 1928. The Reducing Agent Patent in suit as pointed out

hereinabove has a filing date in Netherlands of December 11th, 1926, and in United States of June 6, 1927. Of course, both of these filing dates are earlier than the Murray filing dates. In fact the effective filing date of the Reducing Agent Patent is practically three years earlier than Murray's U. S. filing date and practically two years earlier than Murray's British filing date. Under these circumstances, the Murray U. S. Patent No. 1,753,059 has no anticipatory or other effect on the Reducing Agent Patent in suit and has no proper place in the case.

**DEFENDANT-APPELLEE'S EX PARTE TESTS NOT
CONDUCTED IN ACCORDANCE WITH CHARLES
BRUNING COMPANY'S DIRECTIONS ARE
UNWORTHY OF CONSIDERATION.**

Defendant-appellee has attempted to show by ex parte tests that with the Bruning Company sensitized paper and developer it was not possible to produce finished diazotype prints in which the discoloration of the white background was arrested for extended periods (R. 419-421). Upon cross-examination Mr. Duncan, defendant's witness, admitted that the two prints made with the Bruning Company paper and developer, Defendant's Exhibit K (R. 421) and Defendant's Exhibit L (R. 421), were washed with water after development and then dried, and that the directions accompanying the Bruning Company paper and developer explicitly exclude mention of washing the print with water after development (R. 424-425), because such washing removes the reducing agents which arrest the discoloration of the background.

Ex parte tests designed to show inoperativeness of a process or apparatus do not carry weight and are usually disregarded by the Courts. This is a reasonable rule with regard to inoperativeness of a patent because a patent is a government grant made after thorough examination by expert examiners of the Patent Office and because a patent

is presumed to be valid for an operative process or structure. Of course, persons making ex parte tests for a Defendant have no desire to make the process work, and, in fact, usually endeavor to show the process or device to be inoperative. Nevertheless, other persons more skilled, or even less skilled, might make the process or device operate with a sufficient degree of success to maintain the patent valid for an operative process or structure. In the present case, the numerous users of Bruning Company's sensitized paper and developer throughout the United States never had any difficulty. The increase in sales of Bruning Company from 127,000 square yards in 1929 to 975,000 square yards in 1933 prove the success and operativeness of Bruning Company's sensitized paper and developer and show that the ex parte tests of the defendant are unworthy of any serious consideration.

**GERMAN PATENT OFFICE IS AN ADMINISTRATIVE
BUREAU AND HAD ONLY A "PAPER"
OPPOSITION BEFORE IT.**

The Trial Court was under the erroneous impression that the German Patent Office had decided that *thiourea* as used on defendant-appellee's paper was not a reducing agent. As a matter of fact, if reference is made to the translation of the Kalle file wrapper (defendant's Exhibit A) relating to the Opposition (R. 122), it will be observed that the decision of the German Patent Office dated February 26, 1931, does not contain a single word to this effect. As a matter of fact, the German Patent Office did not have defendant-appellee's diazotype paper before it nor the question of whether thiourea as used in the sensitive layer of the defendant's paper was a reducing agent. The decision in the Kalle file wrapper clearly shows that the defendant-appellee or the Company from whom it buys its paper in Germany, Renker-Belipa, was not even a party to the opposition proceedings in the German Patent Office. As

the defendant-appellee was not before the German Patent Office and as the defendant's paper containing thiourea was not involved in the German opposition proceedings, how could the German Patent Office possibly decide whether thiourea as used in the defendant-appellee's paper was a reducing agent? Accordingly, the German Patent Office opposition papers and the decision of February 26, 1931, of the German Patent Office do not support the holding of the Trial Court.

For convenience, the portion of the memorandum opinion containing the reference to the ruling of the German Patent Office is quoted as follows (R. 33):

“I find that thiourea as used in the light sensitive layer on defendant's paper is not a reducing agent, although it does arrest discoloration. This was the view taken by the German Patent Office in ruling on the opposition by the Van der Grintens to the first Kalle patent.”

It is believed that the holding of the Trial Court that thiourea is not a reducing agent was predicated in part on the erroneous belief that the German Patent Office had ruled that thiourea is not a reducing agent. If reference is made to the decision of the German Patent Office appearing on pages 46 to 49 of the Kalle file wrapper, it will be observed that there does not appear a single ruling to this effect. Thus, on page 46, reference is made in the decision of the German Patent Office to “illegal acquisition of the invention”; on page 47, reference is made to “prior use”; and on pages 47, 48 and 49 reference is made to Van der Grintens' French Patent Specification 633,319” and “German Application C 39,700” and a discussion thereof. In that portion of the opposition dealing with “illegal acquisition” nothing is mentioned about thiourea or thiocarbamide. In the second section of the decision dealing with “prior use” the decision makes reference to the fact of Van der Grintens' paper being put in the trade in Germany. The German

Patent Office ruled that it believed nobody would have been induced to test the Van der Grinten paper put in the trade for thiocarbamide and similar sulphur-containing compounds. In the third section of the decision the first reference to thiocarbamide is that it cannot be considered as a *simple* "aliphatic amino compound" but no ruling was made that thiocarbamide was not a reducing agent. The German Patent Office then discusses the French patent and disclosure thereof. It is important to note that they make reference to the fact that thiocarbamide was referred to in Moureu's antioxygenes which is mentioned in the French patent. The following quotation is taken from the German Patent Office decision:

"There it is stated that only 'des quantites excessivement faibles' of these substances, amongst which Moureu also mentions thiocarbamide, * * *,"

On the next page, the German Patent Office admits that thiocarbamide is referred to in the French Patent, but that Kalle uses several times the amount mentioned. In other words, the German Patent Office ruled that in Germany Kalle was entitled to a patent for thiocarbamide even though the French patent made reference to thiocarbamide because Kalle was using greater quantities of thiocarbamide. For convenience, that portion of the ruling of the German Patent Office on page 49 is quoted as follows:

"As against these quite extremely small quantities many times the quantity of thiocarbamide, calculated on diazo compound, is added according to the Examples 1 and 2 of the present application and about one and one-half times the quantity according to Example 3 of the present application."

Of course, this ruling may be correct in Germany but in United States the mere use of a larger quantity of a substance which is disclosed in a prior patent is "not invention". This is particularly true in the opposition because

Kalle merely used one and one-half times the quantity of thiocarbamide which was disclosed by the French patent. This ruling appears curious and great doubt is created on the subject as any chemist would have known about using a larger amount, particularly in view of Van der Grintens' prior French patent wherein a complete discussion is given of arresting the discoloration in the background of a diazo print by the use of reducing agents.

It is quite possible that the second paragraph occurring on page 49 of the German Patent Office decision was the one which gave the Trial Court an erroneous view. In this second paragraph the German Patent Office stated that:

“* * * thiocarbamide here is not used together with reducing media”.

Of course, this statement cannot be taken to mean that the German Patent Office ruled that thiocarbamide is not a reducing agent. What the German Patent Office was referring to was that thiocarbamide could act as (1) an antioxygene of Moureu and (2) that it could act as a reducing agent. In the instance in question the German Patent Office said that thiocarbamide was not used by Kalle with *another* “reducing media”. In short, that thiocarbamide was used by itself and not in conjunction with *another* reducing agent. Instead of supporting the Trial Court holding, this ruling of the German Patent Office demonstrates that the holding of the Trial Court was erroneous. For convenience, the German Patent Office decision of February 26, 1931, is printed as part of the appendix of this Brief.

Further doubt on the propriety of the ruling of the German Patent Office is shown by the fact that Van der Grinten sent to Kalle and Company in 1927 a sample roll of Van der Grintens' new diazo paper containing thiocarbamide or thiourea in the sensitive layer thereof which was included for the purpose of preventing the yellowing of the backgrounds of prints made thereon (see page 12 of Kalle

file wrapper). Practically one year after the receipt of this sample roll, Kalle filed its application in Germany in 1928. Of course, it is clear that if there is a public use more than one year or prior to the time another makes his invention and files his patent application, it appears to be improper to grant a patent thereon. It is to be noted that the only explanation the German Patent Office had in its decision was that:

“* * * nobody would have been induced to test the papers for thiocarbamide and similar sulphur-containing compounds. * * *”

Certainly it would not change the fact that Van der Grintens' paper had been in public use if Kalle had analyzed the paper or had not analyzed the paper. An inventor is charged with full knowledge of the prior art. Under these circumstances, it would almost seem that the German Patent Office is adhering to the apparent policy of Germany of discriminating against foreigners and in ruling in favor of Germans. In this connection, of course, it is to be borne in mind that Kalle & Co. is one of the large chemical companies in Germany and is a member of the great German Dye Trust, known as the "I. G.". It is debatable whether small inventors like the Van der Grintens who are Dutch and reside in Netherlands would have much chance in Germany against a powerful and influential organization like Kalle & Co. As a matter of fact, Kalle & Company had two of their chemists file a paper entitled "Declaration in Lieu of Oath", which may be read in full on page 26 of the Kalle file wrapper. In the body of the Declaration the chemist specifically takes the precaution and uses the words (*italics ours*) "*hereby declare in lieu of Oath*". Certainly a document of this sort could not carry much weight before one of our Courts or before a judicial body. However, the German Patent Office is merely an administrative bureau which had a "paper" opposition proceeding before it. No testimony was taken, no wit-

nesses were sworn under oath and no evidence was received, but the entire proceeding was a "paper" one. Of course, the decision of an administrative bureau like the German Patent Office should not carry any weight at all, even assuming that it ruled that thiocarbamide was not a reducing agent as the Trial Court erroneously thought it did.

The possibility that the German Patent Office has discriminated against the Van der Grintens is suggested by the fact that they refused to grant a patent on the Van der Grinten invention (R. 118). In contrast to Germany it should be observed that practically all of the important countries of the world (R. 200) including twenty-two countries, Letters Patent were granted to the Van der Grintens for their discovery. As a matter of fact, the invention involved in the reducing agent patent in suit has been declared by the Trial Court to be a "*pioneer invention*". Under these circumstances, it is clear that the German Patent Office is discriminating against the Van der Grintens.

In connection with the Van der Grintens' German application referred to in the opposition, it is to be noted that the Van der Grintens sold this application (R. 118). It so happens that the Van der Grintens sold their application to Renker-Belipa. This is the very same Renker-Belipa which the defendant-appellee is relying upon. Thus, Mr. Post, the President of the defendant-appellee produced a letter from Renker-Belipa and testified (R. 430 and 431) that the defendant-appellee was purchasing its diazo paper containing thiourea or thiocarbamide from Renker-Belipa. Renker-Belipa attempts to cover "its face" by claiming under a permit from Kalle under Kalle's patents (defendant's Exhibit N, R. 431). As Renker-Belipa has purchased the Van der Grintens' German application, it is clear that Renker-Belipa has paid tribute to the Van der Grintens and has recognized their invention in diazo print paper *containing thiourea or thiocarbamide as a reducing*

agent for arresting discoloration in the background. By paying this tribute to the Van der Grintens, Renker-Belipa has recognized and acknowledged the priority and the validity of the Van der Grintens' invention. As the defendant-appellee has purchased its diazo print paper from Renker-Belipa and as it is claiming under Renker-Belipa, it is clear that the defendant-appellee is in the same position as Renker-Belipa and that the defendant-appellee implicitly has recognized and acknowledged the validity and priority of the Van der Grintens' invention.

In passing, it should be noted that Kalle, the owner of the German application, against which the Van der Grintens filed an opposition in the German Patent Office, is the same Kalle who took a license in nearly all of the countries of the world under the Van der Grinten patents (R. 200). In view of the taking of this license by Kalle, it is clear that Kalle acknowledges and recognizes the validity and the priority of the Van der Grintens' inventions. The taking of a license under the Van der Grintens' patents in nearly all countries of the world by Kalle & Company should carry greater weight than any other ruling which the German Patent Office might have made and *demonstrates beyond a shadow of a doubt that thiourea or thio-carbamide is within the Van der Grinten patents and is a reducing agent.*

**THE LOEVENICH DEPOSITION REPRESENTS SPECULATION AND CONJECTURE AND IS
DEVOID OF COGENT PROOF.**

The Trial Court stated that Dr. Loevenich's Deposition goes to the heart of the question. In view of the fact that the decision of the District Court is predicated on the Loevenich's Deposition, it appears appropriate to analyze the Deposition and to point out the deficiencies thereof and to make it clear that Loevenich's conclusions are mere speculation and conjecture and are unworthy of forming the basis of a judicial holding.

At the outset, it is to be observed that Loevenich, by his own statements, admits that he only acquired knowledge of thiourea, thiosulphate, and other reducing agents which are employed for arresting the discoloration of the background of diazo prints after February 10th, 1927, the date of the Van der Grinten Dutch Patent applications (R. 357 and 358). Loevenich testifies that it was not until 1929 that he occupied himself with the manufacture of diazo-types. In other words, it was more than two years after the Van der Grintens had given their invention to the world and had sent their diazo copying paper and developer to Germany for public use and sale that Loevenich gained any knowledge regarding the art. Surely, a witness of this sort is no expert at all and is not qualified to testify in matters of a complex and practical art like that of diazo-types. This is particularly true in view of the fact that Loevenich does not manufacture diazo print paper nor is he engaged in a factory manufacturing diazo print paper. As Loevenich has never had any practical experience in the diazotype art or in the handling of diazotype print paper or in the application of diazo compounds and reducing agents to sensitive layers of such paper or to the developers for diazo paper, how can Loevenich possibly be qualified to testify as an expert? The Deposition makes it clear that Loevenich has had no training or experience at all in the diazo print art prior to 1927. The only qualification he gives for the period prior to 1927 is in his opening statement (R. 350) in which he said that he "was steadily reading lectures on organic dyestuffs". For the convenience of the Court, Loevenich stated that:

"I was steadily reading lectures on organic dyestuffs as well as courses in practical chemistry for students."

It is manifest that this is no qualification at all in the diazo print art. As a matter of fact, it is very doubtful whether "*reading lectures*" will qualify any witness to act as an

expert. Since 1929 Loevenich testifies that in addition to teaching at the University of Cologne, he is also a "scientific and technical adviser" for a large firm which manufactures diazo print paper. Loevenich makes no statement as to what he does as adviser, as to whether he has manufactured diazo print paper, as to whether he manufactured materials for the sensitive layer, as to whether he manufactured developers for diazo prints, as to whether he conducted actual experiments on diazo print paper in a practical way, and as to whether he did any experimental or research work on diazo print paper, chemical compounds used therein, or chemical developers therefor. The Deposition is barren of any foundation which would qualify Loevenich as an expert. As a matter of fact, Loevenich could not even qualify as "a man skilled in the art" or even as a practical artisan or skilled worker in the diazo print art. Under these circumstances, it is clear that the statements made by Loevenich are practically worthless and do not carry sufficient weight to support a holding upon which a judicial degree is based.

Not a single mention is made in the Loevenich deposition of any tests with diazo print paper which proves that thiourea forms an addition compound with a certain chemical present in the background of the finished print and that this compound discolors less easily and is more resistant to oxidation than the substance before reacting with thiourea. For convenience, the quotation is made from the Memorandum Opinion (R. 32):

"Dr. Loevenich's deposition goes to the heart of this question. He testifies that thiourea forms an addition compound with a certain chemical present in the background of the finished print and that this compound discolors less easily and is more resistant to oxidation than the substance before reacting with thiourea."

In view of the fact that the opinion states that "Dr. Loevenich's deposition goes to the heart of this question", it

will be advisable to carefully read the Loevenich's deposition and analyze the statements made therein. A reading and analysis of the statements made by Loevenich will show, beyond a shadow of a doubt, that he never conducted any actual experiments with diazo print paper which proved that (1) thiourea forms an addition compound with a certain chemical present in the background of the finished print and (2) that this compound discolors less easily and (3) is more resistant to oxidation than the substance before reacting with thiourea. As a matter of fact, Loevenich never isolated his hypothetical "addition compound" about which he spins his speculating yarns. If the Loevenich deposition is analyzed, it will be found that the only tests Loevenich concerned himself with were TEST TUBE TESTS. Thus, in answer to question X 8, Loevenich states that "I have made the following test in a TEST TUBE" (R. 357). Then again, in answer to question X3, Loevenich again states that "the following test which can be made in a TEST TUBE" (R. 379). Then again, in answer to interrogatory No. 19, he again states "that this, my opinion, is correct, is evident from the tests which can be made in a TEST TUBE" (R. 390). Certainly, the entire Loevenich deposition makes it clear that the only basis for his statements and his opinion is TEST TUBE TESTS. Accordingly, how can it possibly be said that statements or opinions, or deductions or conclusions which are based on TEST TUBE TESTS can go to the "heart of this question" as mentioned by the Trial Court and how can it be said that such TEST TUBE TESTS can justify the Loevenich testimony that "thiourea forms an addition compound with a certain chemical present in the background of the finished print and that this compound discolors less easily and is more resistant to oxidation than the substance before reacting with thiourea" (R. 32)?

Loevenich's TEST TUBE TESTS are inconsistent with each other and do not support the conclusions and deduc-

tions which have been made therefrom. Thus (R. 356), Loevenich states that:

“* * * p-Oxydiphenylamin oxidizes under influence of air or light partially to Quinonmonoanil, which is yellow to brownish in a thin layer and as a substance is of a red color.”

In other words, this is based on another TEST TUBE TEST. Loevenich contends that the compound p-Oxydiphenylamin is oxidized under the influence of air or light to Quinonmonoanil which has a yellowish to brownish color in a thin layer and which has a red color as a substance. Loevenich makes the second test in a test tube (R. 357) except that hydrogen peroxide is the oxidizing agent instead of air. In this case, Loevenich obtains a solution which “is colored dark green and the undissolved p-Oxydiphenylamin turns black.” For convenience, Loevenich’s statement (R. 357) is as follows:

“I have made the following test in a test tube. I have added to an aqueous hydrochloric suspension of p-Oxydiphenylamin, a solution of hydrogen peroxide, whereby the solution is colored dark green, and the undissolved p-Oxydiphenylamin turns black.”

It will be observed that in the first case, Loevenich oxidizes p-Oxydiphenylamin and obtains a substance of *red* color which is *yellow to brownish* in a thin layer, whereas in the second test on the same substance, p-Oxydiphenylamin, he obtains a *dark green* solution with undissolved p-Oxydiphenylamin which turns *black*. In short, he obtains products with a *red* color in one case and products with a *green* or *black* color in another case. How can any sound deductions or conclusions be based upon such a wide discrepancy? Certainly, if the first test is an oxidation and reduction reaction producing a *red* colored substance, then the second test producing a *green* colored solution can not possibly be an oxidation and reduction reaction, or *vice*

versa. It will be observed that it is upon this second test which Loevenich adds thiourea to the solution prior to the addition of hydrogen peroxide. When Loevenich adds thiourea, he claims that he does not obtain the green color. From these facts, he then jumps to the conclusion that thiourea cannot be a reducing agent. *No chemical proof whatsoever has been given for this conclusion and, as a matter of fact, it does not even follow as a matter of simple reasoning or logic.* It will be observed that in all these TEST TUBE TESTS, Loevenich does not isolate any of the products and analyze them and prove their constitution and prove what reaction has occurred. He gives the formula of quinonmonoanil (R. 356) but no where does he state or show that he isolated this compound, analyzed it and determined its formula. The same remark applies to his second test and his third test. No statements are made showing isolation of intermediate or final products and their analysis and determination of their constitution. As a matter of fact Loevenich does not state the products which he obtains when thiourea is added to the solution and then hydrogen peroxide is added. He merely states that neither the green coloration nor blackening took place. Of course, the solution may have produced a red colored substance as in his first test, or may have produced a yellowish substance, a brownish substance, or some other kind of substance. If this is not the case, why does Loevenich conceal what actually did take place and why does not Loevenich specifically state the products produced in his third test, how he isolated them, how he analyzed them, how he determined their constitution, and how he proved that "*thiourea cannot be a reducing agent*"? These same remarks apply to Loevenich's statements in answer to question X3 (R. 377 to 379).

In passing, it should be noted that Loevenich's TEST TUBE TESTS are not equivalent to conducting tests with diazotype prints and ascertaining how thiourea acts with

the chemicals in the background of this print. Furthermore, the TEST TUBE TESTS are not subject to the same conditions as a diazo print is. Thus, a TEST TUBE TEST is conducted in an elongated glass test tube which excludes the light by absorbing it or a portion of it and only permits air to come in contact with the small exposed surface on the top of the high column of liquid or solution. On the other hand, diazo prints have a large extended surface freely exposed to the light and the air of the atmosphere. Then again, Loevenich's TEST TUBE TESTS are conducted in the *liquid phase* whereas diazo prints are in the *solid phase*. Loevenich's TEST TUBE TESTS, therefore, *have no resemblance to or similarity with conditions surrounding diazo prints*. Even assuming that Loevenich's TEST TUBE TESTS were conducted properly, they would not apply to diazo prints and conclusions which are based upon Loevenich's TEST TUBE TESTS could not be applied to diazo prints. In view of the foregoing it is manifest that the Loevenich's deposition could not go to the heart of the question and cannot form the basis of the statements found in the Memorandum Opinion (R. 32), and, therefore, do not furnish any support to the holding of the Trial Court.

The unreliability of the Loevenich deposition is clearly demonstrated by his statements, especially his answer to Interrogatory No. 9 (R. 359). In this answer, Loevenich states:

“* * * that on the other hand *real reducing agents cannot prevent the discoloration of the paper.*”
(Italics ours.)

This statement is contrary to statements by Loevenich in other parts of his deposition. Thus, in answer to X7 (R. 403) Loevenich states that “*thiosulfate is a reducing agent*”. In answer to Interrogatory No. 19 (R. 388), Loevenich states that *thiourea prevents discoloration and that the same action can be obtained by adding the reducing*

agent sodium thiosulphate. For convenience, the quotation (R. 388 and 389) is as follows:

“*Yes, Thiourea prevents discoloration. * * * It is known that the same action can be obtained by adding the reducing agent Sodium Thiosulphate to the developer liquid used for the light-exposed diazotype paper. (I mention here only Thiosulphate as a reducing agent because all other reducing agents are practically useless when added to the light sensitive layer or the developer. Furthermore, in cases where they are usable, their action in the retarding of the yellowing of developed diazo prints is much inferior to that of both of the above-mentioned ingredients Thiourea, Sodium Thiosulphate.)*” (Italics ours.)

Surely, this inconsistency on the part of Loevenich and even a contradiction of himself will completely discredit the Loevenich deposition.

In this connection, it is also important to note that the thiourea, about which the Loevenich deposition is concerned, is the same thiourea which is referred to in the Kalle U. S. Patent No. 1,803,906 and the corresponding German Patent No. 526,370. As pointed out elsewhere, in this Brief, Kalle has taken a license under the Van der Grintens' patents nearly all over the world (R. 200). If thiourea were not an equivalent reducing agent to thiosulphate and were not within the Van der Grintens' patents, why would a great Company like Kalle and Company take a license? The answer is very simple:—because the Van der Grinten patents have been recognized as pioneer patents and *Kalle & Company knew that thiourea was a reducing agent and was within the scope of the Van der Grinten patents.*

In view of the foregoing facts the entire Loevenich deposition which is concerned with thiourea is without any weight at all and should not be considered.

**KALLE FOREIGN LICENSE UNDER PLAINTIFF-
APPELLANT VAN DER GRINTENS' PATENTS
ACKNOWLEDGES PRIORITY AND
PATENTABILITY THEREOF.**

Kalle and Company, owner of British patent No. 210,862 (Plaintiffs' Exhibit No. 20, R. 116), has taken a license under the Van der Grinten foreign patents in nearly all countries of the world (R. 200). This same Kalle is the owner of the Kogel U. S. patent No. 1,444,469, Defendant's Exhibit C (R. 66), which defendant has urged as an anticipation against the claims of both patents in suit and has admitted by stipulation (R. 328) is a duplicate of the aforesaid British patent. Thus, Kalle and Company, the principal party who might most fairly claim the rights under the Van der Grinten patents, has taken a license thereunder. This, in itself, shows that the inventions of the patents in suit are patentable, as stated by the Supreme Court of the United States in *Tilghman v. Proctor*, 102 U. S. 707, wherein at page 713 the Court states:

“We are satisfied that Tilghman was the original discoverer of this process. His priority was acknowledged at the time by those most interested to question it. Mr. Wilson to whose statement reference has been made, and who is perhaps more justly entitled than anyone else to claim an anticipation of Tilghman's discovery, makes no such pretension but, on the contrary, concedes Tilghman's right to priority; and, *indeed, Price's Patent Candle Company, of which Mr. Wilson was a member and director, took a license under Tilghman's English patent.*” (Italics ours.)

In view of the foregoing it is clear that the Kalle U. S. Patent No. 1,803,906 and the corresponding German patent No. 526,370, which have been much stressed by the defense as militating against the invention of the Reducing Agent Patent in suit, do not carry any weight as Kalle paid tribute to the Van der Grintens by taking a license (R. 200). Defen-

dant-appellee's deposition witness, Dr. Loevenich, concedes (R. 358-359) that everything, other than the Kalle patents including Danish patent for tartaric and citric acids to prevent premature coupling of the diazo compound and the azo dyestuff coupling compound in the sensitive layer, has been taught to him by the patents and applications of the Van der Grintens. It is to be noted that thiourea is disclosed in Kalle U. S. patent No. 1,803,906 and German patent No. 526,370 and that thiourea is the basis of the opposition in the German Patent Office and is the basis of the Loevenich Deposition upon which the Trial Court predicated its decision in a large measure. Thus in the memorandum opinion, the Trial Court said "Dr. Loevenich's deposition goes to the heart of this question" (R. 32) and also said "I find that thiourea as used in the light sensitive layer on defendant's paper is not a reducing agent, although it does arrest discoloration. This was the view taken by the German Patent Office in ruling on the opposition by the Van der Grintens to the first Kalle patent" (R. 33). As Kalle has taken a license under Van der Grintens' foreign patents, Kalle acknowledges the priority and patentability of the Van der Grintens' invention. Therefore, the Loevenich Deposition and the German Patent Office ruling do not carry any weight and do not militate against the validity, patentability and scope of the Van der Grintens' patent. If Kalle admits and acknowledges by taking a license that its thiourea is dominated by the Van der Grintens' patents, certainly Loevenich and the German Patent Office must be bound by Kalle's action.

The defendant-appellee attempted to show that they had a license under the Van der Grintens' patents in United States by the testimony of Mr. Rudolph C. Post, president of the Dietrich Post Company (Defendant-Appellee) (R. 430). Mr. Post showed a letter, which was read into the record (R. 430-431). This letter was from Renker-Belipa of Duren (Germany) and stated that their paper containing thiourea was produced under a permit from Kalle.

As Kalle has acknowledged the Van der Grintens' patents by taking a license, Renker-Belipa who claim through Kalle are thus bound to acknowledge and recognize priority and patentability of the Van der Grintens' patents and that *thiourea* comes within them and is covered by the claims thereof. In view of the fact that the Defendant-Appellee is claiming through Renker-Belipa who in turn is claiming through Kalle who has taken a license under the Van der Grintens' Patents, *it is evident that defendant-appellee must of necessity be bound by Kalle's action and therefore must admit, acknowledge and recognize the validity, priority and patentability of the Van der Grintens' patents.* Of course, it was brought out that Kalle's license did not extend to United States but to foreign countries (R. 200) and, therefore, the defendant-appellee has no license. The Trial Court so held (R. 35 and 42).

**THE REDUCING AGENT PATENT NO. 1,821,281 HAS
BEEN HELD TO BE GOOD AND VALID AND
TO COVER A PIONEER INVENTION.**

The invention of the Reducing Agent Patent No. 1,821,281 made a very substantial advance in the art and met with immediate commercial success, and it was so determined by the District Court.

The invention involved in the Reducing Agent Patent in suit is a pioneer invention and has revolutionized the art of diazotypes. Although the first process for making positive diazotype prints was invented by Green in 1890, it was not until more than thirty years later, about 1924, that Kalle invented his process with the two components in the sensitive layer and development with ammonia fumes and endeavored to introduce such process commercially. This Kalle process did not meet with favor because of the discoloration of the white background of the finished print after it was made. This was the state of the art in 1927 when the inventions of the Van der Grintens for arresting

the discoloration of the background of diazotype prints came into being. These inventions, realizing so to say the finishing touch on these processes for which the public had been waiting, revolutionized the diazotype art and went into immediate commercial success in Europe and provided the public with a satisfactory and acceptable process and Diazotype Print. (R. 112-115.)

The Van der Grintens made application for the Reducing Agent Patent in the United States (R. 99-101; 111-112) and, while this application was pending, the Van der Grintens consummated a commercial arrangement with the plaintiff-appellant, Charles Bruning Company, Inc., as heretofore set forth. Upon consummation of such arrangement, the Bruning Company immediately proceeded with the development work incident to placing the inventions on the market, spent approximately \$150,000 (R. 204). The marketing of a sensitized paper and developer for use in the making of positive diazotype prints by Bruning Company in United States in accordance with the inventions of the patents in suit began in the latter part of 1929 and within a short period of four years from 1929, the sales had increased from 127,000 square yards of sensitized paper and 2,300 cans of developer in 1929, to 975,000 square yards of paper and 23,000 cans of developer in 1933, or approximately One Thousand (1000%) per cent in four years (R. 203-205). This immediate and marked success likewise revolutionized the diazotype art in the United States and created a new industry and the Van der Grintens' invention satisfied an outstanding want.

Where an invention produces a new industry, revolutionizes the art and goes into immediate commercial success, the quality of invention can not be denied.

Diamond Rubber Co. v. Consolidated Rubber Tire Co., 220 U. S. 428; 55 L. Ed. 527.

Eibel Co. v. Minnesota and Ontario Paper Co., 261 U. S. 45; 67 L. Ed. 523.

- Wahl Clipper Corp. v. Andis Clipper Co.*, 66 Fed. (2nd), 162 (C. C. A. 7).
O. K. Jelks & Son v. Tom Huston Peanut Co., 52 Fed. (2nd), 4, 7 (C. C. A. 5).
Hughes Tool Co. v. International Supply Co., 47 Fed. (2nd), 490 (C. C. A. 10).
Sherman Clay Co. v. Searchlight Horn Co., 214 Fed. 86 (C. C. A. 9).
Permutit Co. v. Harvey, 279 Fed. 713 (C. C. A. 2).

Presumption of Validity.

With reference to the Reducing Agent Patent No. 1,821,-281, defendant-appellee has contended that the presumption of validity which ordinarily accompanies a patent that is issued in the United States is practically nullified by the failure of the Patent Office to cite prior art against any of the claims which were submitted. This is an error. *In fact, the application as filed lists and calls the attention of the art to a great number of prior publications and patents pertinent thereto, and so it would be absurd to say that the Patent Office overlooked citations of the prior art.* A list of these publications and patents are found on page 2 of the application as originally filed in the Patent Office, the file-wrapper of said patent which is in evidence as plaintiffs' Exhibit 3 and on page 1, lines 39 to 79, of the Reducing Agent Patent (Plaintiffs' Exhibit No. 1).

It is elementary that every Letters Patent for an invention carries a presumption of validity due to the fact that it is a grant of the Government of the United States. To show invalidity of a patent, the burden rests heavily upon a defendant. The rule is that a defendant to prove invalidity must do so not merely by a preponderance of evidence, *but by evidence beyond a reasonable doubt.* This rule has been established by a long line of decisions and was enunciated by this Court in *San Francisco Cornice Co. v. Beyrle*, 195 Fed. 516 (C. C. A. 9).

The Reducing Agent Patent Has Sufficient and Adequate Disclosure.

The Reducing Agent patent in suit describes several ways for carrying out the invention. Thus, this patent discloses the type of materials that will work successfully in arresting the discoloration of the background of the finished diazotype prints. These materials are defined broadly and are named in chemistry as reducing agents. The patent also discloses the preferred reducing agents and defines a number of classes, including aldehydes, amino compounds, aliphatic amido compounds and polyoxy-compounds. In addition, the patent contains seven specific examples for carrying out the invention, and in such examples defines certain specific reducing agents. The patent does not claim all reducing agents, but only those capable of doing a certain thing, namely arresting the discoloration of the background of the finished print.

A patentee does not have to disclose every conceivable means or substance which can be used in the carrying out of the invention defined by the claims. The patentees, the Van der Grinten brothers, have disclosed several ways all of which will carry out the inventions. All that the law requires is that the patent or patents disclose to those skilled in the art, at least one way or one means which can be used in carrying out the invention as defined by the claims, even though others may have to experiment to some extent with other materials to carry out the invention by the use of different materials other than those pointed out by the patentee. This is the law as laid down in *Standard Paint Co. v. Bird*, 175 Fed. 346, where at page 356 it is stated:

“Clearly, it was not necessary to describe the whole process of making roofing of all colors, or to name all of the pitches or bitumens which exhibit a brownish color in thin layers, or to tell what was meant by a thin layer. It is enough that a patent so fully describes a

process or product that one reasonably skilled in the art may practice it or manufacture the product, and that others may know with reasonable certainty whether or not they are infringing the patent.”

and on page 357 it states:

“It is true that the specifications do not attempt to enumerate those oils, fats, and resinous bodies that might be used, or those that should be used, or those that cannot be used; but I think such enumeration was unnecessary. In fact, it is quite probable that the inventors did not know all that might be used successfully or all that were unsuitable. Enumeration of specific substances would have incurred the danger of excluding those not enumerated and of opening the door to all comers who should use materials of the same class not specified. Thus an error in enumeration, if attempted, might have defeated or destroyed the value of the patent to the real inventor. This great particularity the law does not demand.”

This same law is elaborately enunciated by this Court in the case of *Schumacher v. Buttonlath Mfg. Co.*, 292 Fed. 522, C. C. A. 9th, wherein at pages 534 and 535, it is stated:

“It is contended that no one can tell, except by independent experiment, how to conduct the claimed processes so as to have them successfully coordinate and cooperate together, to produce the useful result required by the statute. This scope of experimental requirement it is contended by the defendants is beyond the disclosures of the specification and claims, and render such disclosures insufficient.

“This objection has been brought to the attention of the appellate courts of the United States in a number of cases, particularly in *Mowry v. Whitney*, 14 Wall 620, 643, 20 L. Ed. 860; *Carnegie Steel Co. v. Cambria Iron Co.*, 185 U. S. 403, 436, 437, 22 Sup. Ct. 698, 46 L. Ed. 968; *Minerals Separation v. Hyde*, 242 U. S. 261, 270, 37 Sup. Ct. 82, 61 L. Ed. 286; *Minerals Separation v. Butte Min. Co.*, 250 U. S. 336, 341, 39 Sup. Ct. 496, 63 L. Ed. 1019; and *Snow et al. v. Keller-Thomason Co.* in this Court, 241 Fed. 119, 120, 154, C. C. A. 119.

“These cases involve processes in which something had been left by the specification and claims to the skill of persons applying the processes. In the last two Supreme Court cases, the process related to the concentration of ores by process of oil flotation. By reason of the varying character of the ores to be treated, preliminary tests were required by the user to determine the amount of oil and the extent of agitation necessary in order to obtain the best results from the different ores. Speaking of this feature of the process and the alleged uncertainty of the specification and claims as to the amount of oil to be used in the application of the invention, the court said:

‘Untenable is the claim that the patent is invalid for the reason that the evidence shows that when different ores are treated preliminary tests must be made to determine the amount of oil and the extent of agitation necessary in order to obtain the best results. Such variation of treatment must be within the scope of the claims, and the certainty which the law requires in patents is no greater than is reasonable, having regard to their subject matter. The composition of ores varies infinitely, each one presenting its special problem, and it is obviously impossible to specify in a patent the precise treatment which would be most successful and economical in each case. The process is one for dealing with a large class of substances and the range of treatment within the terms of the claims, while leaving something to the skill of persons applying the invention, is clearly sufficiently definite to guide those skilled in the art to its successful application, as the evidence abundantly shows. This satisfies the law.’

“To this last expression the Supreme Court added, in *Diamond Rubber Co. v. Consol. Tire Co.*, 220 U. S. 428, 436, 31 Sup. Ct. 444, 448 (55 L. Ed. 527):

‘ * * * which only requires as a condition of its protection that the world be given something new and that the world be taught how to use it. It is no concern of the world whether the principle upon which the new construction acts be obvious or obscure, so that it inheres in the new construction.’

“The Supreme Court, in *Loom Co. v. Higgins*, 105 U. S. 580, 586 (26 L. Ed. 1177), referring to the judicial method of acquiring a knowledge of the elements of an invention and its relation to the prior art, said:

‘ * * * If we follow the specification in its description of the invention in detail, with the references to the drawings and the closing summary of the patentee’s claims, the same method of interpretation will be applicable. And as it cannot be expected that the court will possess the requisite knowledge for this purpose, it becomes necessary that it should avail itself of the light furnished by the evidence to enable it to understand the terms used in the patent and the devices and operations described or alluded to therein. This evidence, of which the record in this case furnishes an abundance, being resorted to, we have no difficulty in comprehending the patent, or the nature of the invention therein described.’

“We have pursued that method in this case, to acquire the knowledge, if possible, of one skilled in the art, and while we have found the processes technical, and the elements closely compacted and delicately related, we have found no insuperable difficulty in comprehending the terms of the patent, its drawings, specification, and claims, and its disclosures of the processes therein described, and we draw the obvious conclusion that the expert, or one skilled in the art by experience, following such disclosures, would have no great difficulty in making, constructing, and using the process and the mechanism devised for carrying it into operation.”

The invention involved in the Reducing Agent Patent is set forth and described in such full and clear terms that any one skilled in the art can carry the invention into practice. Thus, the invention is concisely stated in lines 55 to 61 of page 2 of the Reducing Agent Patent (Plaintiff’s Exhibit No. 1). For convenience these lines read as follows:

“The invention is based on the observation that the discoloration of the background in all kinds of diazo-

type processes can be prevented even for extended periods if a reducing agent is added to the sensitive layer, or during or after development of the picture."

The Van der Grintens clearly set forth in the aforesaid quoted lines their new teachings to the art. In essence, the Van der Grintens disclose that "*the discoloration of the background of all kinds of diazotype processes can be prevented * * * if a reducing agent is added to the sensitive layer, or during or after development of the picture.*" There is a clear-cut instruction to those skilled in the art to add "*a reducing agent*" to the sensitive layer. Every chemist knows what a "reducing agent" is. In fact, a reducing agent is so well known that even a high school or college student in chemistry knows what it is. There is no difficulty in selecting reducing agents as these are well known substances in chemistry and are used in numerous arts. The Van der Grintens' process is so universal and simple that the reducing agent can be (1) added to the sensitive layer, (2) can be added during the development of the picture, or (3) can be added after the development of the picture. By following the simple teachings of the Van der Grintens of adding a "reducing agent" to the sensitive layer, the discoloration of the background of a diazotype print can be arrested. In view of the success which results from following the Van der Grintens' teachings and in view of the success of the Bruning Company and their customers in using the Van der Grintens' process and product, there cannot be the slightest doubt of the validity of the Reducing Agent Patent.

**INFRINGEMENT OF THE PIONEER REDUCING
AGENT PATENT NO. 1,821,281 WHICH HAS BEEN
HELD TO BE ENTITLED TO A LIBERAL
INTERPRETATION HAS BEEN ESTAB-
LISHED BEYOND A SHADOW
OF DOUBT.**

It was proved by the plaintiffs-appellants' witness Klein (Plaintiffs' Exhibits 27 and 29; R. 207-217) that defendant-appellee's copying paper contained the following substances in the sensitized layer:

1. *Thiourea*
2. Diazo compound

Due to a stipulation (R. 203), defendant-appellee admitted that its paper called "Diepo Direcprint paper No. 500" contained a diazo compound bleaching on exposure to light.

Plaintiffs-appellants have likewise proved that the defendant-appellee's developer (Plaintiff's Exhibits 28 and 32; R. 208, 229-232) contained sodium thiosulphate. Due to a stipulation (R. 203), defendant-appellee admitted that its developer used in conjunction with its Diepo Direcprint paper contained an azo dyestuff coupling component and a non-volatile alkaline substance. In other words, the defendant-appellee's developer contained the following substances:

1. *Thiosulfate*.
2. Azo dyestuff coupling component
3. A non-volatile alkaline substance

The presence of these substances in the defendant-appellee's products was not controverted.

The claims charged to be infringed in the Reducing Agent Patent No. 1,821,281 are numbers 1, 3, 4, 7, 8, 16, 25, 40 and 41. The District Court held claims 1 and 25 were infringed and that claims 3, 4, 7, 8, 16, 40 and 41 were valid but not infringed.

For convenience process claim 1 reads as follows:

1. The process of rendering the background of the diazotype prints substantially stable against discoloration which comprises including therein a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints.

Claims 3 and 4 are similar to claim 1 except that they are concerned with a "reducing aliphatic compound" and a "reducing amino compound," respectively.

Claim 7 is directed to a process and reads as follows:

7. The process for making diazotype prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component.

Claim 8 is a sub claim based on claim 7 and particularly specifies "an amino compound".

Claim 16 is another process claim which reads as follows:

16. The process for making diazotype prints which comprises applying to a base a layer containing a diazo compound bleaching on exposure to light and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said print, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints.

The product involved is covered by claim 40 which reads as follows:

40. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching upon

exposure to light, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

Claim 41 is a sub claim based on claim 40 and specifically calls for "an amino compound".

The *thiosulfate* used by the defendant-appellee was held to be "an inorganic reducing agent" (R. 33) and that it was a "reducing agent tending to arrest discoloration" and accordingly "claims 1 and 25 of said first patent are infringed" (R. 34).

Defendant-appellee's witness Loevenich admitted that *thiosulfate* was a reducing agent (R. 403) and that *thiosulfate* in the white background of a diazotype print arrested the discoloration of the background (R. 411).

Plaintiffs-appellants' witness Van der Grinten testified that *thiosulfate* was a reducing agent (R. 96) and that *thiosulfate* when present in the background of a diazo print arrested discoloration of such a background (R. 98). This was corroborated by Klein (R. 231).

The *thiosulfate* used by defendant-appellee contains "sulfur" as shown by the analysis of plaintiffs-appellants' witness Klein (R. 229). The formula for sodium *thiosulfate* is $\text{Na}_2\text{S}_2\text{O}_3$ as admitted by defendant-appellee's witness Loevenich (R. 403), S denoting sulfur.

From the opinion of the Trial Court (R. 30), it will be noted that the basis of holding claims 1 and 25 infringed was that the defendant's developer contained *thiosulfate*, admittedly a reducing agent capable of arresting discoloration (R. 34). The background of the finished print after being developed, contained *thiosulfate*, a reducing agent capable of arresting discoloration of said background. The Court found, and the testimony establishes (R. 96; 98; 231-232; 402-404) that *thiosulfate* is a compound containing sulfur and is a reducing agent capable of arresting discoloration. The *thiosulfate* becomes a component of the background of

the print by its introduction to the background of the print through its presence in the developer by which the print is developed or fixed. On the other hand, *thiourea* was directly made a component part of the chemicals forming the sensitive layer of defendant's paper. Admittedly *thiourea* arrests discoloration of the background of the finished print as testified to by plaintiffs' witness (R. 98; 217-220), and defendant's witness (R. 388), and was so found by the Trial Court (R. 33).

The question is, therefore, whether thiourea is a reducing agent and whether it is a reducing amino compound or a reducing aliphatic compound; or, in view of the broad scope rightly attributed to patent No. 1,821,281, which has been held to be entitled to a liberal interpretation, whether thiourea is the equivalent of the thiosulfate held to be an infringement or of such a reducing agent or compound as to be within the scope of the patent or of claims 3, 4, 7, 8, 16, 40 and 41, or of infringed claim 1. Simmered down to one sentence, that is the one question on appeal to this Court. Plaintiffs-appellants contend that thiourea is such a reducing agent and that it is a reducing amino compound and also a reducing aliphatic compound. It is likewise contended that thiourea is the equivalent of the substances specified in the patent and of thiosulfate held to be an infringement and capable of accomplishing the same result, and that it comes within the doctrine of being "equally good."

Specimens of defendant-appellee's sensitized paper and developer charged to infringe are in evidence as follows:

Plaintiffs' Exhibit 27, Specimen Piece of Defendant's Diepo Direcprint Paper.

Plaintiffs' Exhibit 28, Specimen of Defendant's Developer.

Defendant-appellee furnishes to its customers for its Diepo Direcprint paper and developer directions for using

the paper and developer in accordance with the claims of patent 1,821,281, a specimen of such directions being in evidence as Plaintiffs' Exhibit 26, Directions for Using Defendant's Paper and Developer (R. 207).

Defendant-appellee has admitted (R. 247) that subsequent to notice of infringement, it has practiced the process wherein its Diepo Direcprint Paper No. 500 and its developer therefor have been used in accordance with the directions of Exhibit No. 26.

Defendant-appellee has admitted by stipulation (R. 203) that its sensitized paper contains a diazo compound bleaching on exposure to light, and that its developer contains an azo dyestuff coupling component and a non-volatile alkaline substance.

Mr. Klein, a qualified chemist, witness for plaintiffs-appellants made an analysis of defendant-appellee's paper to ascertain whether it contained a diazo compound bleaching on exposure to light and a reducing agent capable of arresting, under normal conditions, the discoloration of the components forming the background of the finished print. Because of the admission by stipulation (R. 203), it was necessary only to show the presence of a reducing agent aforesaid in the paper. This analysis is graphically shown on the chart in evidence as Plaintiff's Exhibit 29 and definitely established the presence of *thiourea* in the sensitive layer of such paper. Such analysis is not controverted by any evidence.

Mr. Klein likewise made an analysis of defendant-appellee's developer to determine if it contained an azo dyestuff coupling component, a non-volatile alkaline substance, and a reducing agent non-decomposable by alkali and capable of arresting, under normal conditions, the discoloration of the components forming the background of the finished print. Because of the admission by stipulation at R. 203 previously referred to, it was necessary only to demonstrate that the developer contained a reducing agent of the type aforesaid. This analysis is graphically shown on

the chart in evidence as plaintiffs' Exhibit 32, and definitely established the presence of *thiosulfate* in the developer. *This analysis is not controverted by any evidence.*

Mr. Klein testified (R. 236-237) that, upon using defendant-appellee's paper and developer in accordance with the directions accompanying such paper, Plaintiffs' Exhibit 26, a finished print is obtained which has a white background that will remain substantially white for extended periods under normal conditions of storage.

All that the description of the Reducing Agent Patent No. 1,821,281 and the claims thereof require to bring defendant-appellee's operations within these claims is that the evidence show that *thiosulfate*, present in defendant-appellee's developer, is a reducing agent and, in addition, acts to arrest the discoloration of the white background of the finished diazotype print when present therein; and that *thiourea*, present in defendant-appellee's sensitized paper, is a reducing agent, that it is both an *aliphatic* and an *amino compound*, and that it acts to arrest the discoloration.

The evidence shows that all witnesses agree that that *thiosulphate* is a reducing agent (R. 96; 231; 403), and that it acts to arrest the discoloration when present in the background of the finished print (R. 98; 231-232; 404). Likewise, all witnesses agree that *thiourea*, when present in the background of the finished print, acts to arrest discoloration (R. 98; 217-220; 388), and that *thiourea* and thiocarbamide are the same product (R. 95; 277; 366). Dr. Van der Grinten and defendant's experts, Doctors Loevenich and Lazar agree that *thiourea* is an aliphatic compound (R. 96; 375), and that it is also an amino compound (R. 97; 375, 322), and they agree that *thiourea* is a reducing agent within the definition of Mellor's Inorganic Chemistry (R. 89; 93; 341; 380).

In defining a reducing agent, Dr. Van der Grinten (R. 89) testified:

“A reducing agent also is a substance which is capable of taking off chlorine out of cupric chloride; that

is to say, reducing the non-metallic part of a metal salt and taking off the non-metallic part wholly or in part out of such compound.”

In substantiation of this, he quoted from page 506 of Mellor's Inorganic Chemistry, which is in evidence as Plaintiffs' Exhibit 9, where a reducing agent is defined (second definition) as:

“A reducing agent is a substance which can decrease the non-metallic part of a compound.”

Defendant-appellee's expert, Dr. Lazar, admitted that a substance which can decrease the non-metallic part of a compound or which can remove oxygen from other substances is a reducing agent (R. 339). As this is the definition given by Mellor (Plaintiffs' Exhibit 9) and given by Dr. Van der Grinten (R. 89), it is clear that Dr. Lazar is in accord with the definition of “reducing agent”.

In the deposition of defendant-appellee's expert, Dr. Loevenich, it is to be noted that he admitted that a reducing agent was a substance which can change the metal of a metal salt from the higher to the lower valence, as for example the cupric copper of a valence of two (2) to the cuprous copper of a valence of one (1) (R. 380). *Consequently, defendant-appellee's two experts are in accord with Mellor and plaintiffs-appellants' expert, Dr. Van der Grinten, in regard to the definition of a reducing agent.*

The definition of a “reducing agent” as given by plaintiffs-appellants and as admitted by defendant-appellee is in accord with a definition of a “reducing agent” which has been adjudicated in the case of *Steinfur Patent Corporation v. J. Meyerson, Inc.*, 56 Fed. (2d) 372. In the Steinfur Case, the court held that:

“A reducing agent is one that will lower the positive valence of an element or remove oxygen from a compound.”

As defendant-appellee is in accord with plaintiffs-appellants' definition of a "reducing agent" and as this definition has been adjudicated, it will be applied to *thiourea* to ascertain whether *thiourea* is a reducing agent or not.

Concerning whether thiourea is a reducing agent, Dr. Van der Grinten testified that thiourea was capable of reducing cupric chloride in which the cupric copper had a valence of two (2) to cuprous chloride in which the cuprous copper has a valence of one (1), and that thiourea was capable of reducing cupric acetate to cuprous acetate, because of tests he personally made with thiourea and cupric chloride on the one hand and with thiourea and cupric acetate on the other hand. In this connection Dr. Van der Grinten testified at R. 93-95:

"I term thiourea a reducing agent because thiourea is capable of reducing the non-metallic part of a metal salt; for instance, it is capable of reducing cupric chloride, which consists of one atom of copper with two atoms of chloride, to cuprous chloride, which consists of a molecule containing only one atom of copper and one atom of chlorine. * * * From this, it follows that thiourea mixed with cupric chloride strictly falls under the definition of a reducing agent under the definition of Mellor. *I have tried this same test several times and I always obtained the exact result which Rathke describes.* There may be seen some complication in this test because of the formation of the white precipitates in which the cuprous chloride is in addition projected with thiourea. In order to avoid this complication I have made quite an analogous test in which another salt or copper was used, I namely used cupric acetate, which upon reduction to cuprous acetate does not yield a white precipitate. In order to make sure that my original solution contained cupric acetate I employed a well known test on cupric salts in general, which consists of the addition of ammonia in excess to such solution. If to a cupric salt solution ammonia is added in excess a strong violet blue color is obtained. When I took my original cupric acetate solution and added to it *thiourea*, let it stand for some minutes, in order to give the

thiourea an opportunity to react with the cupric acetate and then added ammonia, I found that no more blue color appeared, which indicated that no more cupric salt was present. *The cupric salt consequently was reduced by the thiourea.*” (Italics ours)

The Rathke article and translation thereof above referred to by Dr. Van der Grinten, is in evidence as Plaintiffs’ Exhibit 10 (R. 95).

On cross-examination, this testimony with respect to the test involving thiourea and cupric acetate was not even controverted, and that with reference to the test involving thiourea and cupric chloride was not shaken (R. 129-132).

As to the action a substance must show to be a reducing agent, defendant’s expert Dr. Loevenich, testified at R. 380:

“X 4. Is it not a fact that a substance which can change the metal of a metal salt from the higher to the lower valence, as for example the cupric copper of a valence of two (2) to the cuprous copper of a valence of one (1), is a reducing agent?”

Answer: “Yes”.

Defendant-appellee’s expert, Dr. Lazar, under cross-examination, testified that the formula CuCl in line 6 of the quoted paragraph of the Rathke article (Plaintiffs’ Exhibit 10) appearing as a part of the answer by Dr. Van der Grinten relative to the tests with thiourea and cupric chloride and cupric acetate referred to above is that of cuprous chloride (R. 337). Dr. Lazar, defendant’s expert chemist, testified (R. 338) that it is a fact that the change of cupric chloride to cuprous chloride involves a decrease of the non-metallic part. At R. 341, Dr. Lazar testified that CuCl (*i. e.* one atom of chlorine) was cuprous chloride and that the formula of cupric chloride is CuCl_2 (*i. e.* two atoms of chlorine), and that if one of the atoms of the cupric chloride were given off and we got CuCl , that would be a decrease in the non-metallic part of this compound, if cuprous chloride could be found but it cannot. In addition, Dr. Lazar

testified at R. 341 that if thiourea changed cupric chloride to cuprous chloride, then according to Mellor's own definition, thiourea would be a reducing agent. At R. 325, Dr. Lazar testified that Mellor is an authoritative work. In this connection, it will be noted from Dr. Van der Grinten's testimony (R. 94-95) that *Dr. Van der Grinten has made several actual tests with thiourea to demonstrate the truth of this chemical phenomena that thiourea acts as a reducing agent, not only with cupric chloride, but also with other copper salts, such as cupric acetate; whereas defendant's expert witness, Dr. Lazar, repeatedly testified that he made no tests of the many matters to which his testimony was directed (R. 304, 306, 313, 329), and specifically, he failed to show that he had made any tests to determine for himself the chemical reaction of thiourea with cupric chloride, though he is very ample with his testimony in this regard (R. 341). However, he admits that CuCl_2 (cupric chloride) would be changed to CuCl (cuprous chloride) which is a decrease of the non-metallic part (chlorine) of the compound (cupric chloride); otherwise the Cl_2 would not be changed to Cl .*

Referring to the test relating to the reduction of cupric chloride to cuprous chloride by means of *thiourea* to which the expert witnesses of both plaintiffs and defendant have testified, such test involves the transformation or conversion of cupric chloride to cuprous chloride which may be expressed graphically as CuCl_2 to CuCl . In the graphic formula the "Cu" is the symbol for one atom of copper, and "Cl" is the symbol for one atom of chlorine. The metal copper exists in two forms, the cupric copper having a valence of two (2), and the cuprous copper having a valence of one (1). "Valence" of an element is a number which expresses how many atoms of hydrogen or other atoms equivalent to hydrogen or chlorine can unite with one atom of the element in question. In this case for the element copper with a valence of two (2), it takes 2 atoms of chlorine to unite with one atom of cupric copper to form cupric chloride of

the formula CuCl_2 . For the element copper with a valence of one (1), it takes 1 atom of chlorine to unite with one atom of cuprous copper to form cuprous chloride of the formula CuCl . Now, referring to the graphic expression CuCl_2 to CuCl , the change from CuCl_2 to CuCl may be plainly stated as the compound (cupric chloride) with “one atom copper and *two* atoms of chlorine” changed to the compound (cuprous chloride) with “one atom of copper and *one* atom of chlorine”. In other words, two atoms of chlorine are present in cupric chloride whereas only one atom of chlorine is present in cuprous chloride. Similarly, the valence of copper is changed from two (2) in cupric copper to one (1) in cuprous copper. It is clear that the chemical transformation or conversion of cupric chloride to cuprous chloride involves a decrease of the non-metallic part [chlorine from two (2) to one (1)] of the compound, as stated by all witnesses, plaintiffs-appellants’ and defendant-appellee’s, and Mellor, or the lowering of the positive valence of an element [copper from two (2) to one (1)], as stated by the Steinfur decision. *In other words, when cupric chloride is changed to cuprous chloride a reduction has been effected and the substance which causes cupric chloride to change to cuprous chloride is a reducing agent.*

The testimony has demonstrated beyond a shadow of doubt that *thiourea* causes the transformation of cupric chloride to cuprous chloride (R. 86-98, 336-341, 380-383). In other words, *thiourea* causes cupric copper with a valence of two (2) to be lowered to cuprous copper with a valence of one (1) and *thiourea* causes the non-metallic part (chlorine) of the compound to decrease from two (2) atoms of chlorine in cupric chloride to one (1) atom of chlorine in cuprous chloride. *Accordingly, thiourea is clearly and unequivocally a reducing agent within the foregoing definition agreed to by plaintiffs-appellants’ witnesses and the great chemical authority, Mellor. Furthermore, thiourea is a reducing agent within the definition of the Steinfur Decision.*

For convenience, cross question 4 to defendant-appellee's expert witness, Dr. Loevenich and his answer thereto (R. 380) are quoted as follows:

"X 4. Is it not a fact that a substance which can change the metal of a metal salt from the higher to the lower valence, as for example the cupric copper of a valence of two (2) to the cuprous copper of a valence of one (1), is a reducing agent?

Answer. Yes."

Dr. Loevenich admits that a substance which is capable of changing cupric copper of a valence of two (2) to cuprous copper of a valence of one (1) is a *reducing agent*. Defendant-appellee's second expert witness, Dr. Lazar, likewise made the same admission (R. 338) as is evident from the following quotation of a question and Dr. Lazar's answer:

"Q. Is it not a fact that the change of cupric chloride to cuprous chloride involves a decrease of the non-metallic part, in this case the chlorine, of the cupric chloride?

"A. Yes, it does, if you consider the reaction cupric chloride to cuprous chloride in itself, that is, just by itself."

This statement is in accord with Mellor's definition as admitted by Dr. Lazar as shown by the following questions and answers (R. 339):

"Q. Is it not a fact that a substance which can decrease the nonmetallic part of a compound is according to Mellor's definition on page 506 of Plaintiffs' Exhibit No. 9, and I call your attention to line 9 from the bottom of that page, 'is a reducing agent'?

"A. Yes, I stated that before, that the sentence reads [268] 'A reducing agent is a substance which can remove oxygen from other substances.'"

"Q. And will you read No. 2?

"A. 'Can decrease the non-metallic part of a compound.'"

Defendant-appellee's expert witness, Dr. Loevenich, likewise makes the following admission on page 382 of the Transcript of Record:

"X 15. If your answer to question X 11 is "IT DOES", does or does not the addition compound consist of thiocarbamide and cupric chloride of the formula CSN_2H_4 , CuCl_2 , or of thiocarbamide and cuprous chloride of the formula $\text{CSN}_2\text{H}_4 \cdot \text{CuCl}$?

"ANSWER. In the literature only addition compounds of Thiourea and Cuprous Chloride of the Formula $\text{CSN}_2\text{H}_4 \text{ CuCl}$ are described."

In answer to a further question (R. 382 and 383), Dr. Loevenich admitted that when a solution of thiocarbamide of the formula CSN_2H_4 (thiourea) is mixed with a blue colored solution of cupric chloride of the formula CuCl_2 , a white precipitate consisting of the addition compound of thiocarbamide (thiourea) and cuprous chloride of formula $\text{CSN}_2\text{H}_4 \cdot \text{CuCl}$ is deposited and the color of the solution changes from blue to a colorless color. Dr. Loevenich went on to say that when an excess of cupric chloride is added so that there is not any more thiourea left to react with it, the blue color remains. Of course, this is self evident and is like saying that when a pail of water is emptied, it is impossible to obtain any more water from the empty pail. This does not change the fundamental proposition that *cupric chloride of formula CuCl_2 is reduced to cuprous chloride of formula CuCl by thiourea (thiocarbamide) which therefore acts as a reducing agent.* The foregoing is likewise clear from the admission of defendant-appellee's second expert witness, Dr. Lazar whose answers to the questions propounded are as follows (R. 337-338):

"Q. Is it not a fact that this paragraph states the colorless liquid which is obtained apart from the compound of thiourea and cuprous chloride is a combination of one molecule of thiourea with one atom of chlorine.

"A. Yes, it does.

“Q. Is it not a fact that this paragraph states that this chlorine with which the thiourea has combined, as in this case, has been given off of the cupric chloride.

“A. Yes, that is true. [267]

“Q. Is it not a fact that this paragraph states that by thus giving off of the chlorine the cupric chloride has been changed to cuprous chloride?

“A. Yes, it has, in the same sense that I stated before, that the cuprous chloride is not present in the compound, it is only given as a symbol.”

From the foregoing, it is apparent that even Dr. Loevenich corroborates plaintiff-appellants' witness, Dr. Van der Grinten, by admitting (R. 382-383) that thiourea when brought together with cupric chloride, reduces the latter to cuprous chloride which is thrown down in a white precipitate as an addition compound with residual thiourea. This clearly shows that Dr. Loevenich admits that *thiourea acts as a reducing agent and in a reducing manner*. Dr. Lazar defendant-appellee's other expert, (R. 337-338) makes the same admissions as Dr. Loevenich.

The Trial Court found (R. 42, Finding of Fact No. 23) that *thiosulfate* present in defendant's developer was a reducing agent and that it resists discoloration of the background for extended periods. It likewise found (R. 42, Finding of Fact No. 28) that *thiourea*, present in defendant's sensitized paper, resists discoloration, and that there are circumstances under which *thiourea* acts as a reducing agent. It was further found by the Trial Court that *thiourea* “*is not a reducing agent in connection with the chemicals present in the background of a positive diazotype print made with Defendant's paper although thiourea does resist discoloration of the white background of a positive diazotype print * * **”. It is important to note Finding of Fact No. 28, because it is substantially in the words of the original Memorandum Opinion (R. 32). For convenience, Finding No. 28 is here quoted:

“28. That it may be that there are circumstances in which thiourea acts as a reducing agent but thiourea

as used in the light sensitive layer on defendant's paper, is not a reducing agent in connection with the chemicals present in the background of a positive diazotype print made with defendant's paper, although thiourea does resist discoloration of the white background of a positive diazotype print to an appreciable extent for extended periods of time when present in said background."

Although in Finding of Fact 26, the Trial Court finds that thiourea is used in the light sensitive layer of defendant's paper, and in Finding 28 finds that thiourea, under some circumstances, may be defined as a reducing agent, and that thiourea does resist discoloration of the white background of a positive diazotype print, it nevertheless decreed that claims 1, 3, 4, 7, 8, 16, 40 and 41 of The Reducing Agent Patent No. 1,821,281 *were not infringed by thiourea.*

This holding is apparently based principally upon four errors: firstly, the error of fact that the patentee has specified somewhere in the patent or claims that the reducing agent had to function or to act in the manner as a reducing agent in the background of the finished print; secondly, the error of fact that the Reducing Agent Patent is predicated upon a theory and states a theory of action of the manner in which the reducing agent acts with the chemicals present in the background of the finished print; thirdly, the error of law that a patentee, having stated a theory of operation, is bound by the theory and must prove that the invention defined by the claims operates according to that theory and, as a corollary, that in a process involving chemical reactions a patentee must prove how a chemical acts in the environment of other chemicals; and fourthly, the error of fact in finding that thiourea is not a reducing agent in connection with the chemicals present in the background of a positive diazotype print made with defendant's paper. In this connection, attention is respect-

fully invited to the following abstract taken from the Memorandum Opinion which states (R. 32):

“Plaintiffs’ *theory* of this invention is that the discoloration of the backgrounds is due to the oxidation resulting from exposure to the atmosphere, and that a reducing agent which remains colorless when oxidized counteracts the tendency of the chemicals in the background to themselves oxidize and darken. *Is thiourea such a reducing agent?* I do not believe that the evidence shows that it is. *It may be that there are circumstances in which thiourea acts as a reducing agent,* but *I do not believe that is important* if it does not do so when used in connection with the chemicals present in the background of diaz prints. Dr. Loevenich’s deposition goes to the heart of this question. He testifies that thiourea forms an addition compound with a certain chemical present in the background of the finished print and that this compound discolors less easily and more resistant to oxidation than the substance before reacting with thiourea. He also tells of tests which show that thiourea is not subject to oxidation. I find that thiourea as used in the light sensitive layer on defendant’s paper is not a reducing agent although it does arrest discoloration. This was the view taken by the German Patent Office in ruling on the opposition by the Van der Grintens to the first Kalle patent.” (Italics ours.)

As to the error of fact, Dr. Van der Grinten’s testimony discloses (R. 94-95; 98) that from his own tests thiourea is a reducing agent and arrests discoloration of the background of diazotype prints, and that according to the result obtained, the only plausible view of the mechanism involved when a substance with reducing characteristics counteracts an oxidation is that it acted as a reducing agent in the background of the print. Dr. Van der Grinten could not see with his eyes or ascertain definitely in any way how the chemicals reacted upon each other nor how the molecules or atoms reacted with each other nor what theoretical molecular or atomic processes were involved as a hypo-

thetical principle of chemistry. No other chemist can see or ascertain definitely how the chemicals react with each other or how the molecules or atoms react with each other or what the theoretical principle is. The Courts have long recognized that a patentee did not have to see or ascertain or know. This Court has enunciated this doctrine in the case of *Petroleum Rectifying Co. v. Reward Oil Co.*, 260 Fed. 177, in which it was stated that:

“ * * * it was not essential that they should either understand or set forth the principle on which their process operated.”

The foregoing doctrine has been enunciated again and again and has been followed in a long line of decisions. The U. S. Supreme Court held in the case of *Diamond Rubber Co. v. Consolidated Rubber Tire Co.*, 220 U. S. 428 (435), that:

“A patentee may be baldly empirical, seeing nothing beyond his experiments and the results, * * * It is no concern of the world whether the principle upon which the new construction acts be obvious or obscure so that it inheres in the new construction.”

The Van der Grintens discovered that when they introduced into their process the step of including a chemical which accomplished those things which the authorities said a reducing agent would accomplish, they obtained the desired result of arresting discoloration in the background of a diazotype print. Accordingly, the Van der Grintens specified very carefully, fully and clearly the chemicals which produced the new results and named these chemicals by the name by which they are known in chemistry to wit: “*reducing agents*”. This name is in accordance with the authorities. (See definition by Mellor and Steinfur decision, *supra*.) Dr. Van der Grinten’s experiments disclosed (R. 98) *that when he introduced thiourea into the background it accomplished the new result of the Reducing Agent Patent of arresting discoloration; when he left*

it out the result was not accomplished. The Reducing Agent Patent in suit describes the Van der Grintens' invention in lines 55 to 61 of page 2 of the specification thereof as follows:

“The invention is based on the observation that the discoloration of the background in all kinds of diazo-type processes can be prevented even for extended periods if a reducing agent is added to the sensitive layer, or during or after development of the picture.”

It will be observed that the foregoing specification is followed and the Van der Grintens' invention is practiced and enjoyed when a *reducing agent* is included in the background of the finished print. No theory of action is specified. No manner of action is specified. No requirement is made that the reducing agent act in any manner in connection with the chemicals present in the background of diazo prints nor that the substance as used in the light sensitive layer on the paper act in a reducing manner or as a reducing agent. The teaching of the Van der Grintens is that a substance named in chemistry as a reducing agent be included in the background of the print. If this is done, the Van der Grinten's new results will be obtained to wit:—the arresting of discoloration in the background of the print. The defendant-appellee follows the teaching of the Reducing Agent Patent in suit and obtains and enjoys the new results thereof. The defendant-appellee used *thiourea* which is known in chemistry as a *reducing agent* and included *thiourea* in the background of a diazo print in accordance with the teachings of the Reducing Agent Patent. The defendant-appellee practices the Van der Grintens' invention, appropriates the teachings in the Reducing Agent Patent and enjoys the new results with which the Van der Grintens provided the art. There never could have been a more complete trespass upon the property of another as that committed by defendant-appellee upon the patent property of plaintiffs-appellants.

In passing, it is to be noted that the only way it is humanly possible for a chemist or person to know how chemicals react is by the result. Dr. Van der Grinten subjected thiourea to recognized and authoritative tests and the results all showed that *thiourea is a reducing agent and has a reducing action*. Dr. Lazar (R. 273-274) and Dr. Loevenich (R. 376-379), boldly assert that thiourea does not act as a reducing agent in the chemical environment of the background of the print without any proof or concrete evidence. *They admit* that thiourea will reduce the non-metallic part of a compound (R. 341; 383); *they admit* that if a chemical will accomplish that result, it is a reducing agent (R. 338 and R. 380); *they admit* that both organic and inorganic compounds which accomplish that result are reducing agents and both types act in the same manner (R. 327), *they admit* that thiourea accomplishes the result of arresting discoloration in the background of the print (R. 388). In spite of these damaging and conclusive admissions, they attempt to spin a yarn and to tell what other things thiourea will do. Thus, they emphasize the fact that thiourea will form an addition compound with cuprous chloride which is a white precipitate. On the base of this additional property of thiourea, they attempt to argue that it is not a reducing agent. (R. 336-337; 378). *Thiourea may have this additional property of forming an addition product with cuprous chloride, but that does not change the fundamental fact that thiourea is a reducing agent and acts as such as the testimony clearly proves*. Dr. Van der Grinten testified that thiourea reduces cupric chloride to cuprous chloride and then residual or unused thiourea form an addition product with the reduced cuprous chloride and that the addition product appears as a white precipitate. (R. 94.) All of this has been tacitly admitted by Dr. Loevenich and Dr. Lazar. It may do quite a number of things in addition to being a reducing agent which is capable of arresting the discoloration of the background of the print. The Reduc-

ing Agent Patent is not concerned with what other things thiourea does or is capable of doing. All the Reducing Agent Patent is concerned with is whether thiourea comes within the definition of a "reducing compound", and whether thiourea is capable of arresting discoloration of the background of diazo prints. Whether it *acts* as a reducing agent or *acts in a reducing manner*, in connection with chemicals present in the background of diazo prints makes no difference. To require a patentee either to state in his patent or to prove at a trial how chemicals *act*, except by stating the names of the agents and how such agents are to be used and the results of such use, is contrary to all authoritative cases on the point in question.

Thiourea is an alipathic compound and is also an amino compound. Plaintiffs-appellants' witness testified fully that thiourea is a reducing alipathic compound and is also a reducing amino compound which was admitted by defendant appellee's witness. Thus, Dr. Van der Grinten testified that thiourea is a reducing agent (R. 93) and is a reducing aliphatic compound (R. 96) and is a reducing amino compound (R. 97). Dr. Lazar admitted on cross-examination thiourea is a reducing agent (R. 341). Dr. Loevenich admitted that thiourea is an amino compound (R. 367 and 374) and that thiourea is an alipathic compound (R. 375).

As to the error of law, the Trial Court's Memorandum Opinion holds that Van der Grinten testified that he had a certain theory of the invention, *i.e.*, that the discoloration of the background was caused by oxidation and, that if he added a chemical which would resist oxidation, he would, *ipso facto*, arrest this discoloration. He knew, as a chemist, and from many authorities, some of which were introduced in evidence (Plaintiffs' Exhibit 9), that a substance which can decrease the non-metallic part of a compound was termed a reducing agent. From the examples stated in the Reducing Agent Patent No. 1,821,281, it will be

noted, and the testimony so shows (R. 196-197), that a reducing agent is included in each of the formula set forth in the seven examples given by the patentee. The patentee was not limited to these specific reducing agents, since the law only requires a patentee to set forth one way in which his invention may be carried out as may be seen from the following decisions:

Standard Paint Co. v. Bird, 175 Fed. 346 at 356.
Schumacher v. Buttonlath Mfg. Co., 292 Fed. 522,
 C. C. A. 9th, at 534.

The patent is not limited to either organic or inorganic reducing agents, although the patent states that organic reducing agents are preferred. The claims, however, express no such preference and contain no such limitation. The Trial Court did not hold that the thiourea used in defendant's paper was not within the definition of a reducing agent. It held that it may be described as a reducing agent under some circumstances. However, the Trial Court made an error in holding *that thiourea was not a reducing agent according to the theory of the invention as testified to by Dr. Van der Grinten*. In the foregoing quotation from the Memorandum opinion of the Court the phrase "such a reducing agent" has been italicized. That phrase is important because it refers back to the statement referring to the patentee's *theory* of how the reducing agent works as a chemical in the background of the print. It demonstrates that the Court erred in construing the law and in construing the patent and its claims. *The Court did not proceed on the basis of the question whether thiourea is definable as a reducing agent, but rather whether the plaintiffs-appellants had proved that thiourea acted according to the patentee's theory of the invention*. The evidence showed that thiourea came directly within the accepted and authoritative definition of a reducing agent: therefore, it is a reducing agent. Thiourea may have other characteris-

tics as well, but nevertheless, if it is a reducing agent *even under some circumstances*, it is a reducing agent. The Court stated that it “*did not believe that is important.*” In view of the claims of the patent, we contend that it is extremely important and is a vital point in the case. For convenience of the court, claim 1 is quoted as follows:

1. The process of rendering the background of the diazotype prints substantially stable against discoloration which comprises including therein a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints.

It will be noted that Claim 1 does not specify that the reducing agent must be a reducing agent under all circumstances. All that it is necessary to infringe this claim is to include a substance which is termed or named a reducing agent which is capable of arresting the discoloration in the background of the diazo print. *As thiourea is a reducing agent and as it is included in the background of the print, and as it arrests the discoloration of the background of the print, it infringes Claim 1.* Similarly, Claims 3 and 4 are infringed because thiourea is a reducing aliphatic compound and is also a reducing amino compound.

Patent No. 1,821,281 is not limited to any statement of how or when or for what period the reducing agent shall act. There is nothing in the patent which confines the patentees to a particular theory of invention. Neither the descriptive matter nor the claims of the patent state how the reducing agent acts chemically in the background of the finished print. Patent No. 1,821,281 broadly states (page 2 lines 55-61):

“The invention is based on the observation that the discoloration of the background in all kinds of diazotype processes can be prevented, even for extended periods, if a reducing agent is added to the sensitive layer, or during or after development of the picture.”

The claims, using claim 1 as an example, do not state that the reducing agent must act as a reducing agent in combination with the other chemicals in the background of the print; the claims state that step of the process as the inclusion "therein of a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints." This phraseology does not state that the reducing agent shall act according to any theory of invention; and it does not state how it shall act in connection with the other chemicals. It states, firstly, that it shall be a reducing agent and, secondly, that it shall be capable of arresting under normal conditions the discoloration of the background of the print. Whether its capability to accomplish this result is, or is not, carried out according to the theory which was testified to by Dr. Van der Grinten or whether the reducing agent acts in a reducing manner in order to be capable of accomplishing the result is no part of the patent nor of the claims. *If the substance, thiourea, used in the sensitive layer of defendant's paper comes within the definition of a reducing agent, and if it is capable of arresting the discoloration of the background of the print, it is within the claims of the Patent.* The broad phraseology of the claims is here described because there is no contention by the defendant that thiourea is not an aliphatic compound or is not an amino compound.

This holding by the Trial Court in effect would require that plaintiffs-appellants must prove that thiourea *acted* as a reducing agent and in a reducing manner in the background of the finished print in connection with the chemicals present in the background. It is well settled law that a patentee does not even have to know the philosophy of how the invention operates and, further, neither does he have to prove the physical or chemical laws by which his process operates. *Thus, since a patentee does not have to know how his invention operates, he cannot be required to*

prove the physical or chemical laws under which it operates. All that the patent law requires is that a patentee set forth the process or mode of operation which ends in the result, and the means for working out the process or mode of operation. It is not essential or necessary that he either understand or set forth the principle on which the process operates. This is the law as stated in *Philadelphia Rubber Works Co. v. United States Rubber Reclaiming Works*, 229 Fed. 150 C. C. A. 2nd, at 151:

“What did the patentee disclose? *He advanced no theory in his specifications: It was not necessary for him to do so.* All the law required of him was a plain statement of his process, set forth in sufficient detail to be understood by a person skilled in the art. If the result of his process is a product which he described as ‘devulcanized rubber having substantially the characteristics of fresh rubber and capable of being used in like manner and for like purpose’, and if it further appears that this is the first time that this particular process was disclosed to the world, Marks was entitled to his patent. *Whether he had some theory when he applied, or has one now, whether the experts have conflicting theories or not, are matters of no importance.*” (Italics ours)

Moreover, this is the rule as enunciated by this Court in *Petroleum Rectifying Co. v. Reward Oil Co.*, 260 Fed. 177, C. C. A. 9th, where at 181 it is stated:

“But it was not essential that they should either understand or set forth the principle on which their process operated. In *Andrews v. Cross* (C. C.) 19 Blatch. 294, 305, 8 Fed. 269, Judge Blatchford said:

‘It may be that the inventor did not know what the scientific principle was or that, knowing it he omitted from accident or design, to set it forth. That does not vitiate the patent. He sets forth the process or mode of operation which ends in the result, and the means for working out the process or mode of operation. The principle referred to is only the why

and the wherefore. That is not required to be set forth.'

In *Eames v. Andrews*, 122 U. S. 40 at 55, the foregoing language of Judge Blatchford was quoted and approved."

Likewise, the rule is also stated in *Diamond Rubber Co. v. Consolidated Rubber Tire Co.*, 220 U. S. 428, at 435 and 436 as follows:

"A patentee may be baldly empirical, seeing nothing beyond his experiments and the results, yet if he has added a new and valuable article to the world's utilities he is entitled to the rank and protection of such endeavor. And how can it take from his merit that he may not know all of the forces which he has brought into operation? It is certainly not necessary that he understand or be able to state the scientific principles underlying his invention and it is immaterial whether he can stand a subsequent examination to the speculative ideas involved (citing cases) * * * It is no concern of the world whether the principle upon which the new construction acts be obvious or obscure so that it inheres in the new construction."

In a chemical case like the instant case, the rule is that a patentee does not have to prove or even understand, what chemical reaction takes place in the chemicals which are brought together to accomplish the result. All that is required is that he prove the result which they accomplish. *The evidence shows that thiourea comes within the definition of a reducing agent and the Trial Court admitted that it did under certain circumstances, and that thiourea when present in the background of the finished print, accomplishes the result, namely arresting of the discoloration of the background.* Such evidence proves the result which thiourea accomplishes, and this is according to the rule as laid down in the case of *United Chromium v. International*

Silver Co., 53 Fed. (2d) 390, wherein at page 393 the Court states:

“The prior publications and prior patents relied on by defendant do not teach the patentee’s invention. On the contrary, they emphasize the fact that Fink’s ‘regulation’ is one of the missing links in all prior chromium plating efforts. Defendant attempts to supply this line from other metal plating arts. But, inasmuch as a chemical action is involved here, analogy does not go a long way, because, while one can predict with confidence in mechanics in some instances, and in some cases where mathematics can be applied, in chemistry one almost entirely fails. In chemistry one cannot anticipate a result. A result may be obtained only by experiment. * * *

The second Circuit Court of Appeals in *General Electric Co. v. Laco Philips Co.*, 233 F. 96, affirmed Judge Mayer, and adopted his opinion in so doing. Judge Mayer held that the expert in that case stated the rule in the following way (page 103 of 233 F):

‘Chemistry is essentially an experimental science, and chemical prevision is as impossible today, in spite of the accumulation of the great knowledge, as it was in former times.’

See, also, *Naylor v. Alsop Process Co.* (C. C. A. 8) 168 F. 911; *Stevens v. Keating*, 2 Web. 181; *Toledo Rex Spray Co. v. California Spray Chemical Co.* (C. C. A. 6) 268 F. 201.”

Likewise, the Court in the case of *Chipman Chemical Engineer Company Inc. v. Reade Manufacturing Company, Inc.*, 56 F. (2d) 1048, at pages 1048 and 1049, states:

“However, that may be, it is of no great moment here, since it is not to be assumed that either the inventor or this court is called upon to explain the infinite operations of nature which may take place in this combination of solids, gases, and liquids, and if it is made to appear that the formula presents a new and better effect in the method or art of killing weeds than was shown by any prior art disclosure, and it comes within the claims of the patent, it is valid as an invention.”

Dr. Loevenich attempted to spin a yarn in his testimony and to speculate (R. 388-390) that thiourea forms an addition compound with certain chemicals present in the background and that this compound discolors less easily and is more resistant to oxidation than the substances before reacting with thiourea. Of course, this is nothing more than mere conjecture on the part of Dr. Loevenich and is wholly without foundation. It is significant that Dr. Loevenich gave no experimental evidence or proof to support his speculation and conjecture. As a matter of fact Dr. Loevenich did not conduct any experiments in the background of a diazotype print. *Accordingly, how can Dr. Loevenich guess much less testify under oath what chemical actions occur in the background of a print?* It is clear that Dr. Loevenich's speculation is without foundation and is worthless.

The chemicals in the background are of a very complex nature, and because of this, it is impossible for any chemist to determine with certainty, even if actual tests were made, just what reactions between the chemicals do take place, and how the various chemicals react with each other. As previously pointed out, the law does not require a patentee to prove the manner in which the chemicals react, but only requires proof that the chemicals are introduced into the chemical environment and that they produce the new result.

Not only has the defendant-appellee infringed process claims 1, 3 and 4 but it has also infringed process claims 7, 8, and 16. Thus, claim 7 covers the process of making diazotype prints involving the following:

1. Applying a diazo compound and a reducing agent capable of arresting discoloration of a background of a print.
2. Exposing such layer.
3. Contacting the exposed layer with a developer.

Claim 8 is similar to claim 7 and is directed to an amino compound. Defendant-appellant and those in privity with

it, employ each and every operation specified in claim 7. As thiourea used by defendant-appellant is not only a reducing agent but also an amino compound, claim 8 is infringed. Claim 16 is similar to claim 7 except that it specifies that the developer also contains a reducing agent capable of arresting discoloration of the background. As the defendant-appellant uses thiosulfate in the developer which the Trial Court has held to be a reducing agent and an infringement (R. 33, 34 and 41), it is evident that claim 16 is likewise infringed.

Claim 40 is a product claim and reads as follows:

40. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching upon exposure to light, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the back-ground of the finished print.

It is clear that defendant-appellee's Diepo Direcprint Paper No. 500 infringes this claim because it comprises (1) a base (R. 209) having a sensitive layer (R. 209) containing (2) a diazo compound (R. 211) bleaching upon exposure to light and (3) a reducing agent (thiourea) (R. 208) capable of arresting discoloration of the background of the finished print (R. 217-219). Claim 41 is a sub claim based on claim 40 and is specifically directed to an amino compound. As thiourea is an amino compound, claim 41 is likewise infringed.

CLAIMS 1 AND 25 OF THE REDUCING AGENT PATENT NO. 1,821,281 HELD TO BE INFRINGED BY THIOSULFATE.

The question of validity or invalidity is not before the Court because the defendant-appellee has taken no cross-appeal from the Decree of the District Court holding the Reducing Agent Patent valid nor as to those claims which were decreed to be infringed; nevertheless plaintiffs-appel-

lants are briefing, for the benefit of the Appellate Court and in substantiation of the Decree of the District Court, the question of validity.

With reference to the Decree of the District Court (R. 54, paragraph V), *the Court found that the invention of patent 1,821,281 is a pioneer invention, and, accordingly, is to be liberally interpreted* (Finding of Fact 15, R. 40); that patent 1,821,281 is good and valid in law, particularly as to claims 1, 3, 4, 7, 8, 16, 25, 40 and 41 thereof sued on (R. 56, paragraph XIII, Finding of Fact 16, R. 40); and that defendant-appellee has infringed claims 1 and 25 of the aforesaid patent (R. 57, paragraph IV, and Finding of Fact 22, R. 41).

The claims discussed under this heading are those claims which the District Court decreed to be infringed, and with respect to which the defendant-appellee has not cross-appealed.

The practices of defendant-appellee in using and selling its Diepo Direcprint Paper No. 500 (Plaintiffs' Exhibit 27) and its developer therefor (Plaintiffs' Exhibit 28), have been heretofore discussed, together with directions for using such paper and developer (Plaintiffs' Exhibit 26, and Defendant's Apparatus "No Ink Developer" (Plaintiffs' Exhibit 36).

With reference to claims 1 and 25 of patent 1,821,281, claim 1 calls for the inclusion in the background of the finished diazotype print a reducing agent capable of arresting, under normal conditions, the discoloration of the components forming such background. Claim 25 calls for the steps of applying to a base a sensitive layer containing a diazo compound, exposing such layer, and contacting the exposed layer with a developer containing an azo dyestuff component and a reducing agent of the aforesaid type.

As regards the step of applying the sensitive layer to a base like paper as called for in claim 25, defendant contended that it does not take, of itself, this step, since it re-

ceived its sensitized paper from Germany. This same contention was also made as to claim 7 and 8 of patent 1,821,281 which includes the aforesaid step. Such a defense is mere subterfuge. Infringement is a tort for which all tortfeasors are jointly and severally liable. In fact, there is no essential difference whether defendant obtained its paper containing the sensitive layer from a person who made it in Germany or from a person who made it "just around the corner." The essence of infringement is whether the acts of the defendant unlawfully deprive the plaintiffs of rights which are exclusively owned by the plaintiffs under the claims of the patent. An infringer may deprive the patent owner of lawful patent rights by direct action or he may equally deprive the patent owner of his lawful rights by contributing to and encouraging unlawful acts by others. A rather exhaustive comment on this phase of the law is to be found in the decision of *Bassick Manufacturing Co. v. Larkin Automotive Parts Co., et al*, 19 Fed. (2nd) 939, and in *Leeds and Catlin Co. v. Victor Talking Machine Company*, 213 U. S. 325.

Even if products may *per se* be non-infringing, infringement may be predicated thereon, if they are sold with knowledge or intent that they shall be put to an infringing use. *Lilly Co. v. Laucks, Inc.*, 68 Fed. (2d) 175, C. C. A. 9th.

The Trial Court correctly found that defendant has sold a sensitized copying paper together with a developer therefor containing a reducing agent, namely sodium *thiosulfate*, for the express purpose of making positive diazotype prints which have white backgrounds containing such reducing agent in the finished print capable of resisting discoloration of the background of the print to an appreciable extent for extended periods, and has practiced processes using said paper and developer for making positive diazotype prints having white backgrounds in which such reducing agent is present, all within claims 1 and 25 of patent 1,821,281. Accordingly, the Court held, and correctly so, that claims 1

and 25 are infringed. Apparently, in decreeing claim 25 infringed, the Court recognized that the defense advanced by defendant as to the step of applying to a base a sensitive layer, as called for in said claim, was entirely without merit.

**THIOUREA IS AN EQUIVALENT TO THIOSULFATE
HELD TO BE AN INFRINGEMENT AND THIO-
UREA IS ALSO AN EQUIVALENT TO AGENTS
WITHIN THE SCOPE AND CLAIMS OF
THE REDUCING AGENT PATENT
NO. 1,821,281.**

The Trial Court in Finding of Fact 15 (R. 40) held that the invention covered by The Reducing Agent Patent No. 1,821,281 *is a pioneer invention and is to be liberally interpreted*. While the Trial Court held this patent to be a broad patent and entitled to a liberal construction, yet the Court failed to give any liberal interpretation to it. In fact the Court did not even apply the doctrine of equivalents or give any consideration thereto. Plaintiffs are entitled to a range of equivalency for the substances which accomplish the same result in substantially the same manner, namely arresting the discoloration of the background of the finished print. Some of the decisions have stated that the equivalent must have been known at the date the patent in suit was issued, but this exception does not apply here, *since the reducing characteristics of thiourea have been known for at least fifty years* (Exhibit 10). *Walker on Patents*, 6th Edition, Section 415, page 505, states that both reason and authority now favor the rule that it is not even necessary that the equivalent should have been known at the date of the patent. For convenience, Section 415 is here quoted:

“Section 415. Whether a device, in order to be an equivalent of another, must have been one at the time of the invention of the machine which contains the latter, is a question which was elaborately investigated

and discussed in Section 354 to 358 of the first two editions of this book; because it appeared to be not only important, but also unsettled. But the weight of reason was always much on the side of the negative of that question; and the weight of authority has now accumulated so preponderatingly upon the same side, that the question may now be held to be settled in the negative. An apparent exception has been made by one court which held a material which the patentee had tried unsuccessfully to use as an element of his combination but which was later successfully used by another cannot be an equivalent of the material actually described in the patent. It is therefore safe to define an equivalent as a thing which performs the same function, and performs that function in substantially the same manner, as the thing of which it is alleged to be the equivalent."

Where it was known at the time of the issue of the patent that a mechanical element or an ingredient had certain general characteristics, and those characteristics are employed to carry out the invention of the patentee in substantially the same way, then that is an equivalent of the element claimed by the invention of the patentee, regardless of whether anyone had ever employed that element or substance in the surroundings or environment set forth in the patent.

"It may be true that the defendant's peculiar form of stitch was unknown before; and it may also be true that his arrangement for carrying the buttons with their eyes upward and turning the eyes into a horizontal plane by the twisting of the conveyer-way was not known before. Of course, they were not known before in a machine for automatically sewing buttons to a fabric, because Morley's machine was the first to do that. But still, the defendant employs for the above purposes known devices, which in mechanics were recognized as proper substitutes for the devices used by Morley to effect the same results. * * *

"In this sense the mechanical devices used by the defendant are known substitutes or equivalents for those

employed in the Morley machine to effect the same result; *and this is the proper meaning of the term 'known equivalent,'* in reference to a pioneer machine such as that of Morley. Otherwise, a difference in the particular devices used to accomplish a particular result in such a machine would always enable a defendant to escape the charge of infringement, provided such devices were new with the defendant in such a machine, because, as no machine for accomplishing the result existed before that of the plaintiff, the particular device alleged to avoid infringement could not have existed or been known in such a machine prior to the plaintiff's invention."

Morley Sewing Machine Co. v. Lancaster, 129 U. S. 263; 32 L. Ed. 715 at 724. (Italics ours.)

The yardstick of measurement of what constitutes an equivalent of a chemical according to patent law is also supplied by the Supreme Court as follows:

"This term 'equivalent', when speaking of machines has a certain definite meaning, but when used with regard to the chemical action of such fluids as can be discovered only by experiment, it only means *equally good.*" (Italics ours.)

Tyler v. Boston, 7 Wall. 330; 19 L. Ed. 93.

The same rule is applied in the case of *Edison Electric Light Co. v. Boston Incandescent Lamp Co.*, 62 Fed. 397 (at 399):

"In dealing with a pioneer invention which creates a new art, it hardly seems logical or reasonable to say that, because in the progress of the art some new substance or device has been discovered, which can act as a substitute for one of the elements of a patented combination, anyone can appropriate the invention by the employment of such substitute. And further, if equivalency signifies equivalency in the particular combination or invention, it is difficult to point out in this class of cases what known equivalents existed at the date of the patent, for the reason that the combination of ele-

ments in which the invention is embodied was first made known by the patentee. The doctrine of equivalents, as applied to primary inventions, rests upon a more satisfactory basis by the elimination of the qualification of age or time, and by holding those things to be equivalents which perform the same function in substantially the same way. *The fundamental question is whether the alleged infringer makes use of the essence of the patented invention*; not whether he had adopted a known equivalent or made a patentable improvement on the invention.” (Italics ours)

Moreover, this same rule is applied and elaborately discussed in the case of *McCormick Harvesting Machine Co. v. C. Aultman & Co.*, 69 Fed., 371, where at 386 and 387 the Court states as follows:

“The rule as to infringements of pioneer inventions which point the way to new products or results is analogous to that applied in cases of infringement of process patents in which the discoverer is only required to point out one practical method of using his process, and is permitted to claim tribute from all who thereafter use the process whether with his apparatus or with a different or improved means. In *Machine Co. v. Lancaster*, 129 U. S. 263, 290, 9 Sup. Ct. 299, the Supreme Court said:

‘Where an invention is one of primary character, and the mechanical function performed by the machine as a whole are entirely new, all subsequent machines which employ *substantially* the same means to accomplish the same result are infringements, although the subsequent machine may contain improvements in the separate mechanisms which go to make up the machine.’ (Italics ours)

See also, *Consolidated Valve Co. v. Crosby Valve Co.*, 113 U. S. 157, 5 Sup. Ct. 513; *Royer v. Belting Co.*, 135 U. S. 319, 10 Sup. Ct. 833; *Machine Co. v. Murphy*, 97 U. S. 120; *Sessions v. Romadka*, 145 U. S. 29, 12 Sup. Ct. 799; *Clough v. Barker*, 106 U. S. 166, 1 Sup. Ct. 188; *Winans v. Danmead*, 15 How. 330; *McCormick v. Talcott*, 20 How. 402, 405; *Railway Co. v. Sayles*, 79 U. S. 554, 556.”

In the case of *Elliot Addressing Machine Co. v. Wallace Addressing Machine Co.*, 39 Fed. (2d) 233, the Court at 235 and 236 stated as follows:

“* * * infringers have uniformly failed in attempting to take refuge from the common-sense doctrine of equivalents by invoking the subtleties of chemistry. * * *

“Stencils, however, are not made for use in chemistry but for use in business, and one must look at the purpose of the invention as well as the wording of the patent in order to determine whether the infringing device comes within it or not. * * *

“The doctrine of equivalents in chemical patents was defined by Judge Lacombe with a most felicitous phrase in *Treibacher Chemische Werke Gesellschaft, etc., v. Roessler & Hasslacher Chemical Co.*, 219 F. 210, when he said, speaking for the Court of Appeals, at page 212:

‘We are satisfied that the ‘equivalency’ of other metals with iron is to be found, not in their chemical structure, but in their functional efficiency when combined with cerium in a metallic alloy.’

“It is clear here that from the point of view of ‘functional efficiency’ the ammonia alum used by the defendant here as a coagulating agent corresponds, by its effect, in making a stencil like the plaintiffs’, to the dichromate of potassium of Fuller’s preferred method.”

It is admitted that thiourea arrests discoloration of the background of the finished print, and the Court so found, and in every experiment witnesses Klein and Van der Grinten made, thiourea came within the definition of a reducing agent as defined by acknowledged authorities and also as defined by the *Steinfur* decision *supra*. Neither of defendant’s experts defined what chemical classification thiourea belonged to, if it was not in fact defined as a reducing agent; nor would defendant’s experts define how it manages to arrest the discoloration of the print except by act-

ing in the same manner as a well recognized reducing agent would act, other than to advance the theory based upon pure conjecture that it entered into a "complex". It has been conclusively proven by the evidence that *thiourea is a reducing agent*, because it manifests characteristic reducing properties according to the authorities, Mellor (Exh. 9) and Rathke (Exh. 10), and the actual tests of Dr. Van der Grinten (R. 94-95). Furthermore, thiourea meets every rule of equivalency announced by the Supreme Court. It was known that it would reduce cupric chloride (CuCl_2) to cuprous chloride (CuCl) as early as 1884 (Exh. 10); admittedly, it accomplishes the same result of resisting discoloration of the background of the finished print; and the test of whether chemical substances are equivalents is whether they are equally good in the same environment. (*Tyler v. Boston, supra*); the only criterion as to whether it accomplishes the same result in substantially the same way, is by experiment: and by those experiments thiourea is shown to have the characteristics of a reducing substance. (*Tyler v. Boston, supra*.)

Its use by defendant in its process and product "makes use of the essence of the patented invention" and is not to be excused by invoking "the subtleties of chemistry" of substances which are "equally good" in an attempt to avoid infringement of a broad invention. To permit defendant to avoid infringement because defendant's witnesses contend that the name "reducing agent" does not apply to thiourea would be to sanction appropriation of the "essence of the patented invention" by change of names rather than by substance and effect. The Supreme Court has repudiated such a rule:

"Authorities concur that the substantial equivalent of a thing, in the sense of the Patent Law, is the same thing as the thing itself; so that if two devices do the same work in substantially the same way, and accomplish substantially the same result, they are the same, even though they differ in *name, form or shape*." (Italics ours.)

The Union Paper Bag Machine Co. v. Murphy, 97 U. S. 120; 24 L. Ed. 935, 936 and 937.

Thiosulphate has been held to infringe claim 1 of The Reducing Agent Patent (R. 33, 34, 41 and 43). Plaintiffs-appellants' witness, Dr. Van der Grinten, testified (R. 89) regarding the definition of a reducing agent and said that:

“We consequently may define a reducing agent as a substance capable of taking off oxygen out of a chemical compound or a substance which is oxidizable, or we may say a reducing agent also is a substance which is capable of taking off chlorine out of cupric chloride; that is to say, reducing the non-metallic part of a metal salt and taking off the non-metallic part wholly or in part out of such compound.”

Dr. Van der Grinten testified (R. 89) that the foregoing definition was in accord with that given by the well-known chemist, J. W. Mellor. The definition of the term “reducing agent” in claims 1, 3, 4, 7, 8, 16, 25, 40 and 41 in The Reducing Agent Patent was clearly given by Dr. Van der Grinten (R. 91, 92) and the questions and answers are quoted as follows:

“Q. Will you please define the term “reducing agent capable of arresting under normal conditions the discoloration of components forming the background of such prints as it appears in claims 1, 3, 4, 7, 8, 16, 25, 40 and 41 of this patent?”

A. As such reducing agent I would define a substance which has the reducing capacity, according to the foregoing definition, and at the same time the capacity of arresting the discoloration of the background under normal conditions of storage for extended periods in a diazotype print.

Q. Will you please give some examples of such reducing agent?

A. As examples of organic reducing agents I could give, for instance, aldehydes, polyoxy compounds, like citrates, tartrates, glucose, amino compounds, like, for instance *thiourea*. As an example of an inorganic re-

ducing agent I would like to name sodium *thiosulfate*.”
(Italics ours.)

Subsequently, Dr. Van der Grinten testified fully regarding *thiosulfate as a reducing agent* and the following questions and answers (R. 95 and 96) are especially pertinent thereto:

“Q. In your answer to a preceding question you cited sodium thiosulfate as a reducing agent. Will you explain why that is a reducing agent?

“A. Sodium thiosulfate is a reducing agent because it is capable of reducing ferric chloride to ferrous chloride, a similar reaction as the one described earlier for cupric chloride, and consequently falls under the definition of the reducing agent by Mellor. Thiourea I might remark, is a classical example of a reducing agent—

“Q. Are you referring to thiourea?

“A. I am referring to sodium thiosulfate. Sodium thiosulfate is a classical example of a reducing agent. When a student at the university studies chemistry sodium thiosulfate will be one of the reducing agents he will make an acquaintance with.”

When Dr. Van der Grinten was asked (R. 98) whether *thiosulfate* arrested discoloration in the background of a diazo print, he said that *he subjected it to the same test as thiourea and obtained exactly the same result*. For convenience, the question and answer (R. 98) are quoted as follows:

“Q. Will you please state whether or not sodium thiosulfate when present in the background of a diazo print acts to arrest the discoloration of such background?

A. It does and I have made that sodium thiosulfate test in exactly the same way as described in my foregoing answer for thiourea, and I obtained exactly the same result.”

In view of the foregoing, there is not the slightest doubt that *thiosulfate is a reducing agent within the Reducing Agent Patent and arrests discoloration of the background of diazo prints*.

As a matter of fact, defendant-appellee's witness, Dr. Loevenich agreed with the foregoing and said (R. 356) that:

"I do not contest that Sodium thiosulphate, Tartaric acid, and citric acid react as reducing agents on the paper." (Italics ours.)

The Trial Court said in its Memorandum Opinion (R. 33) that:

"It is conceded that sodium thiosulfate, commonly known as 'hypo', is an inorganic reducing agent."

Thiosulfate was said to infringe claims 1 and 25 (R. 34). In Finding of Fact 22 (R. 41), the Trial Court found that:

" * * the Defendant, Dietrich-Post Company, has sold a sensitized copying paper combined with a developer having a reducing agent; namely, sodium thiosulphate, therein, for express purpose of making positive diazotype prints which have white backgrounds containing such reducing agent in the finished print capable of resisting discoloration of the background of the print to an appreciable extent for extended periods; and has practiced processes using said paper and developer for making positive diazotype prints having white backgrounds containing such reducing agent in the finished print capable of resisting discoloration of the background of the print to an appreciable extent for extended periods; all within claims 1 and 25 of Letters Patent in suit No. 1,821,281."* (Italics ours.)

Throughout the testimony, it is clear that *thiourea acts in the same manner as thiosulfate*. Thus, Dr. Loevenich admitted that *thiosulfate* arrests discoloration of the background (R. 411). For convenience the question and answer are quoted as follows:

"X12. If the presence of thiosulfate in the white background of the positive diazotype print made by the process as set out in question X5, prevents the action of the oxidizing substances of the atmosphere upon

the discoloration producing components also present in the background, does this not also indicate that *thio-sulfate* has the additional property of arresting under normal conditions of storage or keeping, this discoloration of the background of said print?

Answer. Yes.” (Italics ours.)

The same question was asked of Dr. Loevenich of *thiourea* and he also answered in the affirmative (R. 401). This question and answer are as follows:

“X18. If the presence of thiocarbamide in the white background of the positive diazotype print, made by the process as set out in question X10, prevents the action of the oxidizing substances of the atmosphere upon the discoloration producing components also present in the background, does this not also indicate that thiocarbamide has the additional property of arresting under normal conditions of storage or keeping this discoloration of the background of said print?

Answer. Yes.”

It is to be noted that *thiocarbamide is the same as thiourea* (R. 95).

Dr. Loevenich again and again mentions and treats *thiourea* along with *thiosulfate*, tartaric acid, citric acid and other reducing agents. Attention is directed to the answer of Dr. Loevenich to question “X8” (R. 356) which reads as follows:

“I do not contest that Sodium *Thiosulphate*, Tartaric Acid and Citric Acid react as *reducing agents* on the paper.” (Italics ours.)

Then again in answer to question “X9” (R. 357 and 358) he again treats *thiourea* along with *thiosulfate* and other reducing agents. His answer is as follows:

“Answer. The introduction of such components takes place both on applying the diazo solution to the paper (*Thiourea*, Tartaric Acid, Citric Acid) or when the developing solution is applied on the light-exposed print (*Thiourea*, *Thiosulphate*).” (Italics ours.)

Again in answer to Interrogatory No. 10 (R. 359), Dr. Loevenich admits that *thiourea* arrests the discoloration of the background of prints like formaldehyde and its derivatives specifically mentioned in The Reducing Agent Patent (See lines 41, 56, 82, 100 and 121 of page 4) and tartaric acid and citric acid.

All doubt on the subject of *the equivalency of thiourea and thiosulfate* is removed by Dr. Loevenich's answer (R. 388 and 389) to Interrogatory No. 19 (R. 388) which reads as follows:

“Answer. Yes, *Thiourea* prevents discoloration.

* * * * *

It is known that the same action can be obtained by adding the reducing agent Sodium *Thiosulphate* to the developer liquid used for the light-exposed diazotype paper. I mention here only *Thiosulphate* as a reducing agent because all other reducing agents are practically useless when added to the light sensitive layer or the developer. Furthermore, in cases where they are usable, their action in the retarding of the yellowing of developed diazo prints is much inferior to that of both of the above-mentioned ingredients (*Thiourea*, Sodium *Thiosulphate*).” (Italics ours.)

Thiosulfate contains sulfur as shown by tests (R. 229) and has the formula $\text{Na}_2\text{S}_2\text{O}_3$ (R. 403). *Thiourea* has the formula CSN_2H_4 (R. 374 and 382) and contains sulfur as denoted by the letter “S” in the formula. The prefix “*thio*” means sulfur. It is clear that both *thiosulfate* and *thiourea* are sulfur compounds. *The equivalency of sulfur compounds has been well recognized* not only by the Van der Grintens but by the art. Thus, in the Defendant's own Exhibit “E”, there is a recognition of the equivalency of sulfur compounds and a clear cut statement that when sulfur compounds are incorporated in the light sensitive layer of a diazotype print, the yellowing or discoloration of the background of the pictures can be

avoided. For convenience lines 25-35 of page 1 of Defendant's Exhibit E are quoted as follows:

"It may happen, for instance that when the ammonia gas is caused to act for a considerable time, the ground of the pictures becomes more or less yellow or that in some rare cases the fastness to light of the pictures is not quite satisfactory.

We have now found that the said drawbacks can be avoided if *sulfur compounds* are incorporated into the light-sensitive layer." (Italics ours.)

Subsequently in lines 43 and 44, it is even stated that "*colloidal sulfur, too, produces already the desired effect*". In view of these clear-cut statements, there can be no question that *sulfur compounds are equivalent* and that *thiourea is equivalent to thiosulfate*.

Dr. Van der Grinten has testified that *thiourea is a reducing aliphatic compound* (R. 96) and *thiourea is a reducing amino compound* (R. 97). Dr. Loevenich admitted that *thiourea* or *thiocarbamide* is an amino compound and is an aliphatic compound (R. 374 and 375) and Dr. Lazar likewise made a similar admission (R. 322).

Thiourea was termed a reducing agent by Dr. Van der Grinten who proved it by tests (R. 93-95). For convenience, Dr. Van der Grinten's answer (R. 93) is as follows:

"I term *thiourea* a reducing agent because *thiourea* is capable of reducing the non-metallic part of a metal salt; for instance, it is capable of reducing cupric chloride, which consists of one atom of copper with two atoms of chlorine to cuprous chloride, which consists of a molecule containing only one atom of copper and one atom of chlorine." (Italics ours.)

When defendant-appellee's witness, Dr. Lazar, was asked what would be the definition of an organic reducing agent (R. 326), he replied that:

"I could say that an organic reducing agent is such a substance which reduces cupric salt to cuprous oxide,
* * *," (Italics ours.)

In other words, both the expert witness of plaintiffs-appellants and of the defendant-appellee agree that a reducing agent can reduce a cupric compound to a cuprous compound. Dr. Van der Grinten proved by tests that *thiourea reduces cupric chloride to cuprous chloride* and *cupric acetate to cuprous acetate* (R. 94 and 95). This latter acetate test of Dr. Van der Grinten stands uncontroverted. In both of these tests *thiourea* reduced a cupric compound to a cuprous compound and, therefore, comes squarely within both definitions given hereinabove for a reducing agent. As *thiourea* comes within the definition of a reducing agent, it must be a reducing agent. There is a tacit admission of the foregoing by defendant-appellee's witness, Dr. Lazar, on page 341 of Transcript of Record. The question and answer are as follows:

“Q. If that were so then according to Mellor's own definition which you have just read, it would be a reducing agent?

A. Yes.”

Dr. Lazar likewise admits (R. 337-339) that *thiourea* reacts with cupric chloride to give off chlorine and that cupric chloride is changed to cuprous chloride. As *thiourea* changes cupric chloride to cuprous chloride which is a reducing action within Dr. Lazar's own definition, it is evident that *defendant-appellee admits that thiourea is a reducing agent*.

By referring to the Memorandum Opinion (R. 33 and 34) and the Findings of Fact (R. 41 and 42), it appears that *thiosulfate* is a reducing agent and is capable of arresting discoloration in the background of a diazo print and, therefore, that *thiosulfate* infringes claims 1 and 25 of The Reducing Agent Patent. Not a single word is mentioned in the Opinion or in the Findings of Fact that *thiosulfate* must act as a reducing agent “*when used in connection with the chemicals present in the backgrounds of diazo prints.*”

Nevertheless, the Trial Court holds that *thiourea* must

act as a reducing agent "when used in connection with the chemicals present in the background of prints". It seems strange indeed that *thiosulfate* had been held to be an infringement of the patent whereas *thiourea* is not an infringement and that one requirement specified for the infringement of the patent by *thiosulfate* and a different requirement is specified for infringement by *thiourea*. It is respectfully submitted that the Trial Court erred in establishing this dual standard, one for *thiourea* and one for *thiosulfate*. It is believed that the equity requires one standard to be used for *thiourea* and *thiosulfate*. If a single standard is used, there is no doubt that *thiourea* will be held to be an infringement of the patent. Adequate, reliable and convincing proof was offered to prove *thiosulfate* was a reducing agent and was included in the background of a diazo print and was capable of arresting the discoloration of the background. Similar proof and, in fact, practically identical proof was offered to prove *thiourea* was a reducing agent and was included in the background of a diazo print and was capable of arresting the discoloration of the background. *Thiosulfate* was held to be an infringement whereas *thiourea* was held not to infringe.

It is believed that *thiourea* is a clear-cut equivalent of *thiosulfate* and infringes claim 1 just like *thiosulfate*. Claim 1 reads as follows:

"1. The process of rendering the background of the diazotype prints substantially stable against discoloration which comprises including therein a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of said prints."

It will be observed that there is nothing in this claim which applies to *thiosulfate* and not to *thiourea*. The claim calls, in essence, for *including a reducing agent capable of arresting discoloration in the background of the print.*

It was proved to the satisfaction of the Trial Court and admitted by defendant-appellee that *thiourea* arrested the discoloration of the background. It was proved to the satisfaction of the Trial Court that *thiourea* was included in the sensitive layer of the paper base. It was proved to the satisfaction of the Trial Court that *thiourea* was a reducing agent. In view of this proof it is believed that *thiourea* infringes claim 1.

It was proved that *thiourea* is an aliphatic compound and is also an amino compound which the witnesses of the defendant-appellee admitted. In view of the fact that *thiourea* is a reducing aliphatic compound and is a reducing amino compound, it is clear that *thiourea* likewise infringes claims 3 and 4. Similarly claims 7, 8 and 16 are infringed due to the fact that the Diepo Direcprint Paper of defendant-appellee is exposed to light and is contacted with a developer containing a reducing agent (*thiosulfate*).

Product claim 40 is likewise infringed by *thiourea*. This claim reads as follows:

“40. As a new product, a base having a sensitive layer thereon containing a diazo compound bleaching upon exposure to light, and a reducing agent capable of arresting under normal conditions the discoloration of the components forming the background of the finished print.”

It will be noted that the Diepo Direcprint Paper contains every element specified by this claim. The base is paper having a sensitive layer containing a diazo compound and a reducing agent (*thiourea*) capable of arresting discoloration is in said layer. Similarly, claim 41, which is a subclaim based on claim 40, is infringed because *thiourea* is an amino compound.

In the foregoing quotations, it is to be observed that Dr. Loevenich always mentions *thiourea* in connection with *thiosulfate*, and *formaldehyde*. The equivalency of *thiourea* and *thiosulfate* has been established hereinabove be-

yond a shadow of doubt. It will now be demonstrated that *thiourea is equivalent to formaldehyde*. In the Reducing Agent Patent, it is specifically stated that a *preferred* reducing agent is an *aldehyde* (Page 2, lines 60 to 65). Formaldehyde is a member of this class as its name implies and as is well known. In Examples Nos. 1 and 2 of The Reducing Agent Patent, the Van der Grintens specifically teach *the use of formaldehyde*. In view of the specific reference to *formaldehyde* in lines 40 and 56 of page 4, there cannot be the slightest doubt regarding the fact that *formaldehyde* is one of the Van der Grintens' reducing agents and is within the scope of the claims of the Reducing Agent Patent in suit. As Dr. Loevenich has repeatedly referred again and again to *thiourea along with formaldehyde*, there cannot be the slightest question that *they are equivalent*. In view of the fact that *formaldehyde is specifically mentioned in the Reducing Agent Patent and is within the scope of the claims thereof, it must necessarily follow that thiourea is within the scope of the claims*. Accordingly, it is evident that *thiourea is equivalent to formaldehyde and infringes claims 1, 3, 4, 7, 8, 16, 40 and 41 of the Reducing Agent Patent*.

**JUDICIAL DECISION BY SWISS COURT HOLDING
THIOUREA TO BE A REDUCING AGENT AND AN
INFRINGEMENT IN A CASE INVOLVING THE
SWISS VAN DER GRINTEN PATENTS CORRE-
SPONDING TO THE REDUCING AGENT PAT-
ENT NO. 1,821,281 HERE IN SUIT AND IN-
VOLVING DIAZOTYPE PAPER MADE BY
RENKER-BELIPA AND CORRESPOND-
ING TO DEFENDANT-APPELLEE'S
DIEPO DIRECPRINT PAPER.**

A suit which is squarely on all fours with the present one has just been decided by a Swiss Court in favor of plaintiff-appellant Van der Grinten. As this suit involved Renker-Belipa Company, which is the same company which

supplied the defendant-appellee with its diazotype print paper and which was referred to by defendant-appellee's witness Post (R. 430 and 431 and Defendant's Exhibit N) and as the diazotype print paper and developer involved corresponded to defendant-appellee's Diepo Direcprint Paper and Developer, it is believed that the decision of the Swiss Court should carry great weight in the present appeal.

This suit was brought by Frans Van der Grinten et al. in the State of Zurich, Zurich, Switzerland, against Renker-Belipa et al. for infringement of the Swiss Van der Grinten patents corresponding to the Reducing Agent Patent No. 1,821,281 here in suit on account of Renker-Belipa's use and/or sale to others for use, of a sensitized diazotype copying paper and developer therefor, known as "Saphir Paper and Saphir Developer" and corresponding to defendant-appellee's Diepo Direcprint Paper and Developer. The fact that Renker-Belipa supplied defendant-appellee was testified to by defendant-appellee's witness Post who stated at R. 431 that

"We receive our Direcprint paper and developer therefor from the Renker-Belipa Company in Germany, the people who wrote that letter."

In the Swiss suit just like in the instant case, it was proved that the diazotype copy paper of Renker-Belipa contained thiourea. During the trial of the Swiss suit, Renker-Belipa contended, just like defendant-appellee has in the instant case, that thiourea was not a reducing agent whereas Van der Grinten et al. contended that thiourea was a reducing agent. The Court then appointed as its representative an impartial, authoritative and outstanding expert, Professor Nageli, to consider and investigate the evidence and render an opinion as to whether thiourea was or was not a reducing agent. Accordingly, the Court's impartial expert, Professor Nageli, after due consideration and investigation of the matter rendered an opinion that *thiourea was*

unquestionably a reducing agent. Not only did the Swiss Court's expert hold that thiourea was a reducing agent but also held that *thiourea when present in combination with the chemicals of the background of the finished diazotype print, arrested the discoloration of said background by acting in a reducing manner.* The Court then adopted its expert's holdings and rendered a decision confirming the holdings of its expert Professor Nageli that thiourea is unquestionably a reducing agent and that Renker-Belipa Saphir Diazotype paper containing thiourea is an infringement of the claims of the Van der Grinten Swiss patents. A certified copy of the decision of the Swiss Court and a translation thereof will be submitted hereinafter and plaintiffs-appellants will ask leave to file a certified copy thereof, together with a verified translation at the time of hearing of this appeal.

THE THIN FILM PATENT NO. 1,841,653.

As the defendant-appellee has taken no appeal on the Thin Film Patent, it is not an issue in the present appeal and is not before this Court. For the benefit of the Appellate Court, however, a brief summary will be given about the Thin Film Patent.

Claims 1, 3, 4, 6, 8, 11, 13, 15, 16 and 18 of the Thin Film Patent are charged to be infringed, and the Lower Court held all of such claims to be valid and infringed.

The invention of patent 1,841,653 is likewise concerned with the manufacture of positive diazotype prints, but with only the development or fixation of the exposed diazo print (R. 102-103). The exposed print is the print having the latent image in faint yellow outline on a white background, prior to development or fixation.

Prior to this invention, it was customary in this art to develop such prints by immersing the print in a bath of developer containing an azo dyestuff component and an alkaline substance. This method, however, is disadvantageous

in that the soluble azo dyes formed during development merge, usually more or less, with the result that the images obtained are not sharp and the clearness of the background is affected; and in that an excess of developer is applied, necessitating drying of the print (R. 104, and lines 88 to 93 of page 1 of patent No. 1,841,653).

It was also customary in this art, prior to this invention, to develop such prints by subjecting the print to the action of a gaseous alkali like ammonia. In this form of development, an exposed print is used which has been obtained from a copying paper having a sensitive layer thereupon having both the diazo compound and the azo dyestuff coupling component. While by this method, developing baths are dispensed with and the prints thus developed need not be dried, such method has its advantages in that the development operation is comparatively lengthy, especially in the winter, and when no complicated mechanical apparatus is used, this developing operation is obnoxious because of the unpleasant and injurious ammonia vapors emitted during the development operation and which adhere to the print itself long after it is completed (R. 103, and lines 57-75 of page 1 of patent 1,841,653).

It is the excess of the developer in both of these prior methods that cause the disadvantages described above (R. 104-105).

According to the process of the patent, a developing liquid containing a non-volatile alkaline substance is employed, and such developer liquid is applied to only the exposed surface of the print by saturating said surface throughout its entire area with such developer liquid by spreading the said liquid on said surface in the form of a uniformly thin film, the quantity of the developing liquid contained in the film corresponding substantially to that required to effect development or fixation of the exposed surface. Briefly stated, the process involves the use of a developing liquid containing a non-volatile alkaline substance,

and applying such liquid in the form of a thin film to only the exposed surface in quantity sufficient to effect development. By this manner of application, an excess of developer liquid is avoided, the print is almost dry and ready for use or delivery to a customer, thus avoiding delay, and cheapening the prior art process by economy of time and amount of developer used (R. 105, and line 94 of page 1 to line 5 of page 2 of patent 1,841,653).

Prior Art Affirms Patentability of Thin Film Patent.

Defendant-appellee has urged as anticipations against the claims of the Thin Film Patent the U. S. patent to Kogel of Kalle & Company No. 1,444,469 (Defendant's Exhibit C) which is the same patent brought forward by defendant-appellee against the Reducing Agent Patent and previously discussed, and a German patent to Gronau No. 427,570 (Defendant's Exhibit D; R. 67), either alone or in combination. Besides, defendant-appellee attacked the claims of the Thin Film Patent as being invalid because of double patenting.

Kogel Patent.

The Kogel patent was urged as an anticipation against the claims of the Thin Film Patent, especially with reference to examples 1, 2, and 9 thereof. With reference to example 9, defendant's expert, Dr. Lazar testified (R. 271) that therein there is specified a development of the exposed diazotype print with a bath containing an azo dyestuff coupling component (resorcinol) and ammonia dissolved in water (page 3, lines 59 to 65), and with respect to example 2 that in such example the development is effected with an alkali solution such as sodium hydrate solution.

With reference to example 9 of said Kogel patent, Dr. Lazar, upon cross-examination, admitted (R. 308-311) that 1) the developing liquid described therein was not impressed solely upon the surface to be developed; 2) nor was

it impressed in the form of a uniformly thin film; 3) nor was the developer applied so that the exposed surface only of the exposed print is saturated throughout its entire area with the developing liquid in the form of a uniformly thin film; 4) nor that the excess of the developing liquid is immediately removed after the exposed surface is saturated with a uniformly thin film. But to the contrary, Dr. Lazar testified that in the Kogel patent, the developer was applied by means of a *bath* whereby the developing liquid was not only applied to the exposed surface but also the back or base paper.

Relative to example 1 of this Kogel patent, Dr. Lazar testified (R. 344) that in such example there is disclosed a developing liquid consisting of an alkaline solution of resorcinol, the resorcinol being an azo dyestuff coupling component. According to this example, the exposed print is put into a solution of such developing liquid, and hence application of the developing liquid is by immersion or a bath, (lines 108-111 of page 2 of the Kogel patent, defendant's Exhibit C). Inasmuch as the developing liquid is the same as that specified in example 9 of this same Kogel patent, the admissions by Dr. Lazar, previously referred to, apply here.

With regard to example 2 of this Kogel patent, Dr. Lazar, upon cross-examination, admitted (R. 312-314) that the process of such example produced an intermediate *negative* diazotype print, that negative and positive diazotype prints are entirely different, and that the invention of the second patent in suit is for developing a finished *positive* diazotype print.

On cross-examination, Dr. Lazar admitted (R. 335) that the method of applying the developer in this Kogel patent differed from that of the second patent in suit.

Prior patents or publications must disclose and exhibit the invention in such full and complete form that the patent in suit could be duplicated without involving more than mechanical skill, and the anticipating reference must be

able to accomplish the same result with equal efficiency. In this connection attention is invited to the case of *Naylor v. Alsop*, 168 Fed. 911, C. C. A. 8th.

Gronau Patent.

Defendant has advanced the Gronau patent (Defendant's Exhibit D), as an anticipation against the claims of patent No. 1,841,653. Defendant's expert, Dr. Lazar testified (R. 269) that the Gronau device would function to impress a thin film of a developer upon a diazo print. Upon cross-examination, Dr. Lazar admitted (R. 328-331) that in the Gronau patent the development is effected by means of a gas; that the Gronau device and that shown in the second patent in suit are different in structure and operation; that development by means of a gas is different than with a liquid; and that he has made no practical tests comparing the Gronau device and that shown in the second patent in suit. Defendant has admitted by stipulation (R. 331, 332) that the Gronau patent does not describe the process of developing positive diazo prints embodying the features of the claims of the second patent in suit.

Plaintiffs' Expert, Dr. Van der Grinten testified (R. 436-441) that he had made actual experiments with the Gronau device, and found that the Gronau device will not accomplish the same results as the process of the second patent in suit.

Kogel and Gronau Patents.

Defendant has also advanced the combination of the German patent to Gronau No. 427,570 (Defendant's Exhibit D, R. 67) and the Kogel U. S. patent No. 1,444,469 (Defendant's Exhibit C, R. 66) as an anticipation against the claims of the second patent in suit, namely, No. 1,841,653.

Defendant's expert, Dr. Lazar, admitted no practical tests of combining Gronau and Kogel. Plaintiffs' expert, Dr. Van der Grinten, testified (R. 437-441) that he made tests and that when you do attempt to combine Gronau

and Kogel, it is impossible to carry out the process of the second patent in suit.

In this connection, it is important to note that this same ground of anticipation was urged by the Patent Office during the pendency of the application corresponding to the second patent in suit. On this ground, a British patent to Green, No. 7435 of 1890, was cited by the Patent Office in the same relation that the Kogel patent is urged here. Attention is invited to Plaintiffs' Exhibit No. 4 (R. 66), 3rd paragraph of page 31, and pages 32 to 41.

A new combination of known devices or processes, producing a new and useful result is evidence of invention, and may be the subject of letters patent.

Webster Loom Co. v. Higgins, 105 U. S. 580, 26 L. Ed. 1177.

National Hollow Brakebeam v. Interchangeable Breakbeam, 106 Fed. 693 (C. C. A. 8th).

Defendant-Appellee's Contention of Double Patenting Against Thin Film Patent No. 1,841,653 Unworthy of Consideration.

Defendant's contention of double patenting as regards the second patent, No. 1,841,653, is hardly worthy of consideration because the invention of the first patent, No. 1,821,281, is for the process of making a finished diazo-type print and the sensitized paper for use in such process, while that of the second patent is for a mode of effecting development of the exposed diazo print. If the second patent were issued to a stranger, certainly it would not be void because of the first patent even though operations under it might infringe the first patent. This is the rule as laid down in

Expanded Metal Co. v. Bradford, 214 U. S. 366.

Norton v. Jensen, 90 Fed. 415, C. C. A. 9th.

Dayton v. Westinghouse, 118 Fed. 562, C. C. A. 6th.

Palmer v. Brown, 92 Fed. 926, C. C. A. 1st.

**Claims 1, 3, 4, 6, 8, 11, 13, 15, 16 and 18 of Thin Film Patent
No. 1,841,653 Held to be Infringed.**

Mr. Klein testified that defendant's apparatus, sold under the trade-name "No-Ink Developer" as shown in their advertising folder (Plaintiffs' Exhibit 36), is substantially similar in operation to the device shown in patent No. 1,841,653. (R. 243-246.) As previously pointed out, defendant has admitted (R. 248-252) that it has applied its developer to the exposed prints made with its Diepo paper by the apparatus known as the "No-Ink Developer" and shown on its advertising folder (Plaintiffs' Exhibit 36). Its developer contained *thiosulfate*, admittedly a reducing agent.

The Trial Court correctly found that defendant, by using and offering for sale its sensitive paper and developer, and device for applying the developer in a uniformly thin film called the "No-Ink Developer," has infringed all of the claims in suit of patent No. 1,841,653, namely claims 1, 3, 4, 6, 8, 11, 13, 15, 16, and 18. For convenience, the claims may be divided into the following groups: (1) claims 1 and 3; (2) claims 4, 6, and 8; (3) claim 11; and (4) claims 13, 15, 16, and 18. The first group of claims is essentially directed to an alkaline developing liquid containing an azo dyestuff coupling component and the impressing of such liquid upon the surface to be developed in the form of a uniformly thin film, whereas the claims of the second group are directed to a developing liquid containing a non-volatile alkaline substance and saturating the exposed surface of the exposed print throughout its entire area with such developing liquid in the form of a uniformly thin film; the third group is essentially directed to the development of an exposed print obtained from a light sensitive layer that contains a diazo compound which cannot be used together with an azo dyestuff coupling component by saturating the exposed surface of such exposed print throughout its entire area with a developing liquid con-

taining a non-volatile alkaline substance and an azo dye-stuff coupling component in the form of a uniformly thin film; and the fourth group is essentially directed to a developing liquid containing a non-volatile alkaline substance and saturating the exposed surface of the exposed print throughout its entire area with such developing liquid in the form of a uniformly thin film by momentarily wetting the exposed surface with an excess of the developing liquid and removing the excess immediately thereafter.

THE LAW.

The patent decisions have pointed out certain classes of facts conducive to the sustaining of patents. Since we believe that the present record establishes every one of these classes of fact in a most forcible manner, we will, under appropriate headings, quote from the decisions (principally of the C. C. A. and of the Supreme Court) and in connection therewith briefly state wherein the facts surrounding the Van der Grintens' invention show every principle persuasive of validity.

All of the Existing Facts Emphasize the Prima Facie Validity of the Reducing Agent Patent No. 1,821,281.

These facts were never better stated than by the late Judge Baker speaking for C. C. A. 7 in *Railroad v. Hart*, 222 Fed. 274 as follows:

Not merely has the application been examined on behalf of all the people by experts who have access to all the prior patents and publications of the world; not only has the applicant spent his time and invested his money in procuring the patent; but in most of the important cases the patentee and those working under him have invested very large sums in buildings and machinery and have expended other large sums and put in great energy and effort to build up, by advertising and salesmanship, a profitable business. and this is done before any one challenges the presumptive validity of the patent. Courts therefore

should not view the application as of the date of its filing and constitute themselves into a board of reviewing examiners and on nicely balanced considerations find that the Patent Office examiners were in error; but they should consider the patentee's equalities in his business which has developed under the presumptive validity of the patent, should give heed to the place achieved by the patented article in the field of the practical art since the date of the patent, and should therefore decline to sustain the defense of non-invention, and to strike down the patent and the business built upon it unless that defense has been established beyond a reasonable doubt."

The instant record most emphatically surrounds the Van den Grintens' invention with all of these facts. Such publications and patents referred to by the defendant-appellee were so universally known in the art that the Examiner undoubtedly "had access" to them and manifestly did not cite them against Van der Grintens' claims because he realized their irrelevancy.

The Van der Grintens to an unusual extent "spent their time and invested their money" for years in making the invention and "those working under" their patent had "invested" and "expended" "money" and "energy" without stint to build up a "profitable business" before any one "challenged the presumptive validity of the patent."

To "strike down the patent and the business built upon it" in this case would include the intricate and elaborate organization for serving the public and the trade.

See also *Eibel v. Minnesota*, 261 U. S. 60, *Cantrell v. Wallick*, 117 U. S. 689, *Du Bois v. Kirk*, 158 U. S. 58.

The Van der Grintens' Addition to the Sum of Human Knowledge Created a New Industry.

O'Rourke v. McMullen, 160 Fed. 938, C. C. A. 2:

"The principal question in such cases is: Has the patentee added anything of value to the sum of hu-

man knowledge, has he made the world's work easier, cheaper and safer, would the return to the prior art be a retrogression? When the court has answered this question, or these questions, in the affirmative, the effort should be to give the inventor the just reward of the contribution he has made. The effort should increase in proportion as the contribution is valuable. * * * The keynote of all the decisions is the extent of the benefit conferred upon mankind. Where the court has determined that this benefit is valuable and extensive it will, we think, be difficult to find a well considered case where the patent has been overthrown on the ground of non-patentability."

It is established here that the "benefit conferred on mankind" by the Van der Grinten invention was a diazo print with a background in which discoloration was arrested. There is no contradiction of the foregoing by the defendant-appellee.

There can be no question that the Van der Grintens' contribution to the "sum of human knowledge" of the importance of arresting the discoloration of the background was the key to satisfactory, acceptable and successful diazotype prints and created that new industry.

The creation of a new industry has always been accepted as sufficient reason for sustaining a patent.

Hobbs v. Beach, 180 U. S. 383, 392:

"While none of the elements of the Beach patent—taken separately or perhaps even in a somewhat similar combination—was new, their adaptation to this new use and the minor changes required for that purpose resulted in the establishment of practically a new industry."

Outlook Co. v. Cupples, 223 Fed. 331, 338, C. C. A. 2:

"We are satisfied that the Slater machine practically created a new industry * * *, Slater being the first person who succeeded in producing an automatic

machine for making window envelopes, he was entitled under the law to a liberal construction of the terms of his patent * * * and the principle of the patent law is well established in this country, and indeed in England as well, that a liberal construction is to be given to a patent of the class to which the one in suit belongs.”

The Van der Grintens Supplied a Long Felt Want.

George Frost v. Cohn, 119 Fed. 508 C. C. A. 2:

“ ‘When the substitution has accomplished a result which those skilled in the art had long and vainly sought to effect, the evidence that it involved something beyond the skill of the calling is so persuasive that it generally resolves the enquiry in favor of patentable novelty.’ ”

The same principle was applied by the Supreme Court in the following cases among many others:

Potts v. Creager, 155 U. S. 609;
Kremnetz v. Cottle, 148 U. S. 560;
Barbed Wire Patent, 143 U. S. 283;
Gandy v. Belting Co., 143 U. S. 594;
Dubois v. Kirk, 158 U. S. 63.

The most quoted expression of the Supreme Court on the subject was the following in *Webster Loom Co. v. Higgins*, 105 U. S. 591:

“It may have been under their very eyes, they may almost be said to have stumbled over it; but they certainly failed to see it, to estimate its value, and to bring it into notice. Who was the first to see it, to understand its value, to give it shape and form, to bring it into notice and urge its adoption, is a question to which we shall shortly give our attention.”
 * * *

“Now that it has succeeded, it may seem very plain to anyone that he could have done it as well. This is often the case with inventions of the greatest merit.”

This record establishes that the qualities of the Van der Grintens' Diazo Prints render them superior to all others which had been well known for over half a century. Van der Grinten himself realized it as early as the close of the Great War, and the art shows that it was appreciated by scientific men in general at least as early as 1890 that diazo prints were unsatisfactory and were subject to discoloration in the background. The number of still-born recipes that had been suggested is a multitude.

The Numbers Interested in Solving the Problem Were Large and Widely Distributed.

The Amended Answer of the defendant-appellee shows the enormous number of researchers and investigators who are mentioned in the various patents and publications as having been at work on the diazo print problem without bearing any individual fruit. These included men of the most outstanding knowledge and ability.

The decisions are unanimous that this state of facts is a demonstration of patentability.

Eibel Co. v. Minnesota Paper Co., 261 U. S. 45, 68:

“The fact that in a decade of an eager quest for higher speeds this important chain of circumstances had escaped observation, the fact that no one had applied a remedy for the consequent trouble until Eibel, and the final fact that when he made known his discovery, all adopted his remedy, leave no doubt in our minds that what he saw and did was not obvious and did involve discovery and invention.”

Schenck v. Singer, 77 Fed. 844, C. C. A. 2:

“This evidence (of invention) is supplied by the
* * * sterility during twenty years of the great
army of mechanics employed by the various * * *
manufacturers.”

Brunswick v. Thum, 111 Fed. 904, 905, C. C. A. 2 Lacombe J.

“But in this case, as in the *Singer* Case, the evidence shows conclusively, and, indeed without contradiction, that this very demand for an arrester of the returning ball was before skilled mechanics for many years, and yet no one before Reisky hit upon the device which now seems so obvious.”

Permutit Co. v. Harvey, 279 Fed. 713, 720 and 721, C. C. A. 2:

“The apparatus of the patent in suit produces a new result. It is one for which the chemists had searched in vain for half a century.”

Yablich v. Protecto, 21 Fed. (2d) 885, 887, C. C. A. 3:

“Did the solution rise to invention or was it merely the result which anyone skilled in the art would have reached? That of the scores of experts in the army, who were skilled in the art, and who were trying to solve this problem, the patentees alone did it, is a persuasive answer.”

Problems Involving Latent Difficulties.

In the following we have quoted Judge Buffington who speaking for the C. C. A. 3 in *Consolidated v. Window Glass*, 261 Fed. 373, used the apposite language:

“It is to be noted that the inventions made involve, as stated by Judge Thompson in the extract quoted above the unusual feature of first locating or discovering the difficulty to be overcome and its relation to the whole problem, before any inventive steps were taken to solve it. In other words, these patents involve, so to speak, two series of inventions: First, discovering the difficulty; and, second, discovering means to overcome that difficulty.”

The same view of the law has been adopted by the C. C. A. of the 2nd circuit and tersely expressed in

Miehle v. Whitlock, 223 Fed. 647, 650, C. C. A. 2:

“Patentable novelty is sometimes found in discovering what is the difficulty with an existing structure and what change in its elements will correct the difficulty, even though the means for introducing that element into the combination are old and their adaptation to the new purpose involves no patentable novelty.”

We contend that the Van der Grintens had to go through these two steps of first discovering the root of the difficulty and then discovering the remedy; the root of the difficulty being the cause of the discoloration of the background and the remedy being the inclusion of a reducing agent in the background of a diazotype print to arrest discoloration.

**Publications So Ambiguous that Their Result is Uncertain
Do Not Anticipate.**

Anticipation by ambiguous publications and patents is obnoxious to the following authorities:

Badische v. Kalle, 104 Fed. 806 C. C. A. 2:

“And that description must be such as to show that the article described in the patent can be certainly arrived at by following the description.”

Badische v. Kalle, 94 Fed. 170, Coxe J.

“The proof leads to the conclusion that although some chemists might have used and, perhaps, did use the correct quantity of alkali, there was no definite and certain guide on the subject.”

Seymour v. Osborn, 78 U. S. 555:

“Mere vague and general representations will not support such a defence as the knowledge supposed to be derived from the publication must be sufficient to enable those skilled in the art or science to understand

the nature and operation of the invention and to carry it into practical use. * * * the account published, to be of any effect to support such a defence, must be an account of a complete and operative invention capable of being put into practical operation.”

Permutit Co. v. Harvey, 279 Fed. 719, C. C. A. 2:

“If prior patents and publications can be reconstructed by extraneous efforts to fit the exigency of the case, it would, as was said in *Badische Anilin & Soda Fabrik v. Kalle & Co.*, 104 F. 802, 44 C. C. A. 201, require an inquiry, not only as to what the publication communicates to the public, but ‘it will be transferred to an endeavor to ascertain what its author intended to communicate.’ We cannot read into this article what is not there, and which it would be necessary to obtain from the later development of the art in order to meet with appellee’s success.”

American Stainless Steel Co. v. Ludlum, 290 Fed. 103, 105 C. C. A. 2:

“This record is replete with accounts of speculations on this subject and dissertations thereon by men confessedly skillful in their day in the arts of steel making and metallurgy. These publications have been advanced by defendant to minimize the inventive concept of Haynes and Brearley. To us they magnify it. There are many inventions which seem to have been gathered, as it were, from the scrap heaps of human effort. They appear to observers as the results of accident, rather than intelligent design. But where men, doubtless well equipped for a particular sort of work, have hoped and investigated and even prophesied as to what could be done, but never did it, and other men similarly equipped have by intensive study and skillful experiment succeeded, such success commands and should receive a greater meed of intellectual appreciation than is accorded even to the cleverness of picking up and utilizing an unconsidered or discarded trifle. When to the scientific triumph of succeeding where other scientists have failed is added the development of a new branch of industry, the word

‘pioneer’ may well be accorded to the patent which describes and defines, even though lamely, the essentials of such success.

Half a century ago Woods and Clark (British No. 1,923 of 1872) filed a provisional specification for an ‘improved alloy for anti-acid metal’; but they never completed their application. Of this abandoned disclosure defendant declares that these men ‘taught the world * * * that high chromium ferrous alloys, consisting of low carbon Bessemer steel and high chromium content, with more or less tungsten’ could be used to produce stainless alloys, and it is urged that the ‘patents in suit have added nothing to that knowledge’. On the contrary, our inference is that Woods and Clark must have thought little of their own concept, as they dropped the matter at once * * *. They were perhaps among the prophets; but it requires more than prophecy of what may be done, or than declarations of what ought to be accomplished, to make a good patent reference, not to speak of an anticipation. It is necessary to show with reasonable certainty how the desired result can be accomplished. *Westinghouse, etc. Co. v. Great Northern Co.*, 88 Fed. 258, 31 C. C. A. 525.”

Cimiotti v. Comstock, 115 Fed. 524:

“A document so obscure in its terminology that two conflicting theories may be deduced therefrom and supported by equally plausible arguments is too indefinite to be utilized as an anticipation.”

Skelly Oil Co. v. Universal Products Co., 31 F. (2d) 427; 431; C. C. A. 3:

“A patent relied upon as an anticipation must itself speak.” * * *

“A singularly sensible test of the rule of anticipation is given in *British Thomson-Houston Co. v. Metropolitan Vickers Electrical Co.*, 45 R. P. C. 22, by asking the question, ‘Would a man who was grappling with the problem solved by the patent attacked, and having no knowledge of that patent, if he had had the

alleged anticipation in his hand, have said: "That gives me what I wish"? " "

Unwitting or Unappreciated Use Is Not Anticipation.

We deny that it has been proven that prior to Van der Grinten any process for arresting the discoloration of the background of a diazotype print was used or sufficiently described, or, in fact, ever existed. But even if we were to suppose for the sake of the argument that such a thing existed by chance without appreciation of significance or importance of the ratio it would not, in law, constitute anticipation.

Eibel v. Paper Co., 261 U. S. 45, 66:

"It is contended on behalf of the defendant that whether Barrett and Horne perceived the advantage of speeding up the stock to an equality with the wire, yet the necessary effect of their devices was to achieve that result and therefore their machine anticipated Eibel. In the first place, we find no evidence that any pitch of the wire, used before Eibel, had brought about such a result as that sought by him, and in the second place if it had done so under unusual conditions, accidental results, not intended and not appreciated, do not constitute anticipation. *Tilghman v. Proctor*, 102 U. S. 707, 711; *Pittsburgh Reduction Co. v. Cowles Electric Co.*, 55 Fed. 301, 307; *Andrews v. Carman*, 13 Blatchf. 307, 323."

Wickelmann v. Dick, 88 Fed. 264, 266 and 267, C. C. A. 2:

"chance operation of a principle, unrecognized by anyone at the time and from which no information of its existence and no knowledge of the method of its employment is derived by anyone, if proved to have occurred, will not be sufficient to defeat the claim of him who first discovers the principle; and, by putting it to practical and intelligent use, first makes it available to man."

United Verde Co. v. Pierce-Smith Converter Co., 7 F. (2) 13, 16, C. C. A. 3:

“But if it ever protected the basic lining (which was by no means proved) it was accidental. The patentees did not know it, or, knowing it, they did not tell it to the art. It is only in the light of what Smith afterward discovered, and did, that the disclosures of the Baggaley and Allen patent have any application to Smith’s problem. But the important thing is that, if, in the light of Smith, the Baggaley and Allen method can be used to protect a basic lining, Baggaley and Allen * * * did not suggest even remotely the idea of Smith * * *.”

“If in this operation Heywood’s workmen at any time hit upon the amount and composition of the flux required by the Smith process and attained its result, it was properly accidental and was without profit to the art and without value as an anticipation.”

In *Pittsburgh Reduction Co. v. Cowles*, 55 Fed. 301, 307, above cited in the Supreme Court, Judge Taft said:

“But suppose it to be a fact that in DeVille’s process alumina was dissolved in the bath from the anode, and that thereupon it was electrolyzed as in the Hall process, it was a mere accident, of which DeVille made no note, and which, therefore, we must reasonably infer he did not observe. Accidents of this character cannot be relied on as anticipations of a patented process when the operator does not recognize the means by which the accidental result is accomplished, and does not thereafter commercially and purposely adopt such means as a process for reaching the result.”

Walker on Patents, 6th Edition, Sec. 106, Page 130:

“Novelty is not negatived by any prior accidental occurrence or production, the character and function of which was not recognized until later than the date of the patented invention sought to be anticipated thereby. *Tilghman v. Proctor*, 102 U. S. 711, 1880; *Pittsburgh Reduction Co. v. Cowles Electric Co.*, 55 F. R. 307, 1893; *Chase v. Fillebrown*, 58 F. R. 377,

1893; Wickelmann v. A. B. Dick Co., 88 F. R. 266, 1898; Tannage Patent Co. v. Donallan, 93 F. R. 821, 1899; Ajax Metal Co. v. Brady Brass Co., 155 F. R. 409, 1907; Western Tube Co. v. Rainer, 156 F. R. 49, 1907; Hillard v. Fisher Book Typewriting Co., 159 F. R. 439, 1908; Edison Electric Lighting Co. v. Novelty Incandescent Lamp Co., 167 F. R. 977, 1909; Anthracite Separate Co. v. Pollock, 175 F. R. 108, 1909; Byerly v. Barber Asphalt Paving Co., 230 F. R. 995, 1916; Toch v. Zibell Damp Resisting Paint Co., 233 F. R. 993, 1916; United Verde Copper Co. v. Pierce-Smith Converter Co., 7 F. (2d) 13, 16, C. C. A. 3rd Cir.; Carson v. Am. Smelting & R. Co., 11 F. (2d) 766, C. C. A., 9th Cir.”

The Great Number of References Cited in Defendant's Answer and Amendment is Indicative of Invention.

Defendant pleaded numerous patents and publications, extending from the year 1890 to the year 1926. The significance of the following decisions is obvious:

Forsyth v. Garloch, 142 Fed., 461, 463, 464; C. C. A. 1:

“the citation of so many patents by a respondent in an infringement suit sometimes tends, as we have several times said, not so much to weaken the complainant's position, as to strengthen it, by showing that the trade had long and persistently been seeking in vain for what the complainant finally accomplished.”

Scott v. Fisher, 145 Fed. 915, 916, C. C. A. 2:

“That the construction of a machine capable of producing such a fabric was not obvious appears from the 31 prior patents introduced by defendants, no one of which showed a solution of the problem.”

Draper v. American, 161 Fed. 728, 730, C. C. A. 1:

“we have not only the persistency of the respondent corporation in availing itself of the complainant's improvement, but also a mass of alleged anticipatory patents introduced by it, both of which indicate the desirability of something better than the prior art.”

An Erroneous Explanation of the Rationale or Theory of the Process in a Patent Is Not Fatal.

Dr. Loevenich, unsupported, has expressed the opinion that Van der Grinten's oxidation and reduction theory is an erroneous explanation of the reason for success. Dr. Van der Grinten still upholds this theory with ample reasons and in this conflict of fact the prima facie effect of the patent must prevail.

But even if the oxidation and reduction theory were erroneous it would not impair the validity of the patent under the following authorities:

Eames v. Andrews, 122 U. S. 40;
Diamond v. Consolidated, 220 U. S. 435;
Ward v. Hazelton, 292 Fed. 202, 206;
Westinghouse v. Montgomery, 153 Fed. 890, 901;
U. S. Co. v. Theroz Co., 25 Fed. (2d) 387, 390.

CONCLUSION.

It is respectfully submitted that the portion of the Decree of the District Court (Paragraph XVI) which decrees that claims 3, 4, 7, 8, 16, 40 and 41 of United States Letters Patent No. 1,821,281 are not infringed by defendant-appellee should be reversed; and that defendant-appellee's Diepo Direcprint Paper containing Thiourea be held to be an infringement of claims 40 and 41 and the use of such paper be held to be an infringement of claims 1, 3, 4, 7, 8, and 16; that thiourea be held to be a reducing agent within the Reducing Agent Patent; and that plaintiffs-appellants

be awarded an appropriate decree granting a perpetual injunction, an accounting of profits and damages and costs.

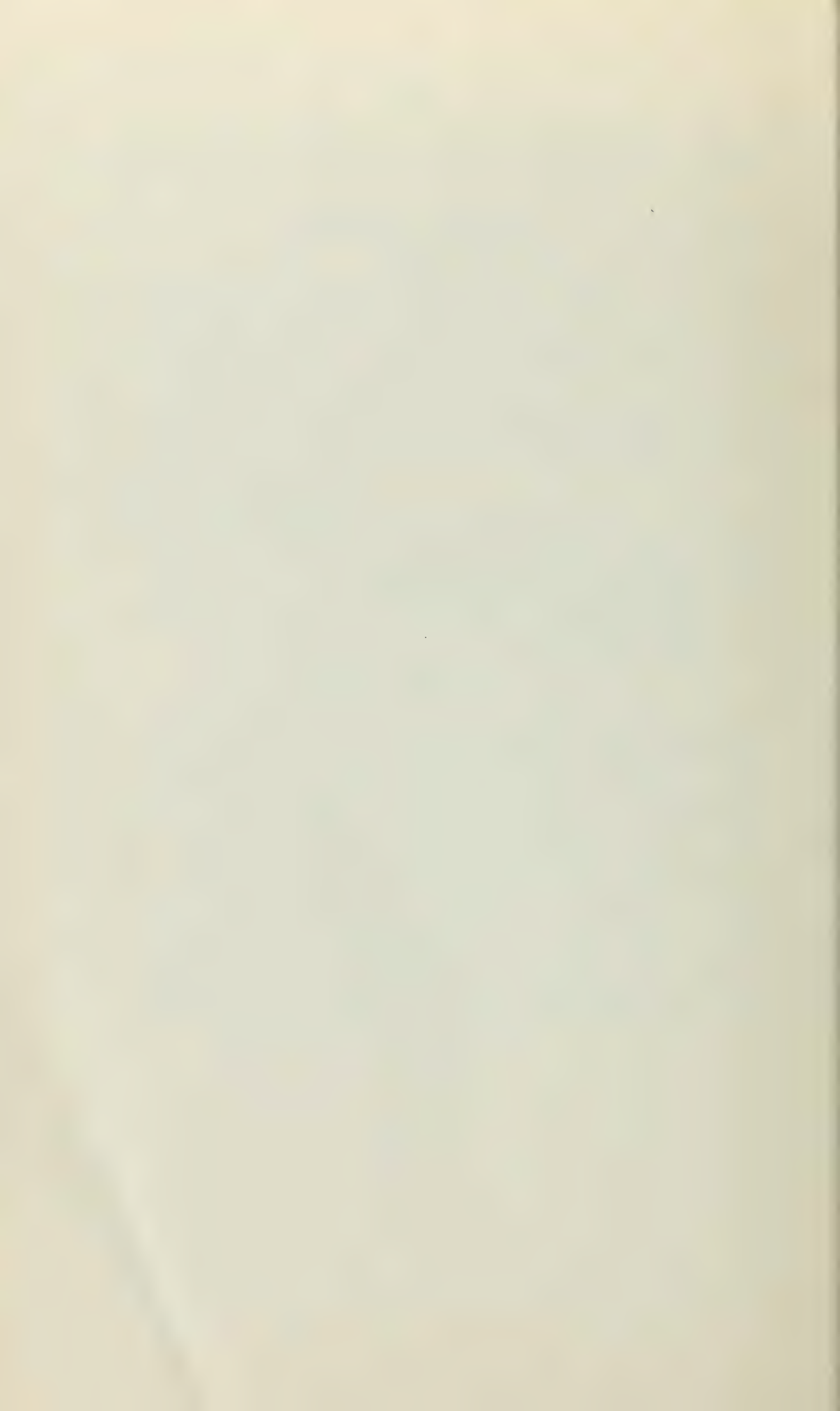
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APPENDIX.



DEFENDANT'S EXHIBIT A.

Reichspatentamt

To. P. A. Nr. 965,400 A. A. iVb
Berlin,
February 26, 1931.

DECISION.

After due publication and after examining the opposition raised, a patent is granted on the application of Kalle & Co., A. G., of Wiesbaden-Biebrich, which patent runs from the 17th February 1928 and is titled:

“Process for making diazo photographic prints lasting”

and is granted on the basis of the documents laid open for inspection. The above alteration in the title is substantiated below.

Reasons.

The opposition is firstly based on illegal acquisition. This ground of the opposition is not tenable, as only unproven presumptions have been uttered, against which there is the declaration in lieu of oath made by the inventors of the 12th September 1929.

Secondly, evident prior use by offering and bringing on the market in inland of a paper manufactured according to the application is asserted. As against this the applicants rightly state that, even in case such papers came into trade, nobody would have been induced to test the papers for thio-carbamide and similar sulphur-containing compounds, and that in addition the establishing of the stabiliser present only in small quantities in the paper, about 1 gramme per square meter, is very difficult, especially as there would have been a complicated mixture of organic compounds in the layer.

Thirdly, the French patent specification 633,319 and the German application C. 39,700 I Vb/57, which has an older priority and substantially coincides with the French patent specification 633,319 has been cited. Even if the latter is to be taken into consideration only by virtue of Article 3 of the Patent Act, its claims, especially the claims very near to the present application, 1 and 2 as well as 6 and 7, are so detailedly worded, that both citations can be dealt with here simultaneously. Claims 1 and 6 say, *inter alia*, that the picture layer or the "light-sensitive layer" should contain aliphatic amino compounds. Thiocarbamide, however, cannot be considered as a simple "aliphatic amino compound" in the sense of the mentioned application, and nobody could understand from the wording of the said claims the rule, that just thiocarbamide is a specially effective stabiliser.

In the claims 2 and 7 and in the corresponding passages of the French patent specification it is proposed adding besides the reducing media (*i. e.*, the aliphatic amino compounds) also such substances (antioxygenes according to Moureu), which act catalytically against an oxydation even in quantities, which are not sufficient to cause an oxydizing effect, without being themselves real reducing media. This wording is not absolutely clear. It becomes clear, however, when taken together with Page 2, Lines 74-80 of the French application (French patent specification 633,319), which creates the priority. There it is stated that only "des quantites excessivement faibles" of these substances, amongst which Moureu also mentions thiocarbamide, and to wit "in conjunction with reducing media", should be used.

Both of these do not relate to the present process, and therefore the cited passage from *Comptes rendus de l'academie des sciences* need not be referred to at all. Moreover in Vol. 175 (1922, II) it can be seen from the work of Moureu and Dufresne, *Sur l'antioxydation*, Page 128, Line 12 from the bottom that the numerical data concerning the quantities of the antioxygenes relate to pure acrolein and

that, as can be seen from Table Fig. 2 on page 129, the oxydation of the acrolein is practically stopped by an "antioxygene" in a quantity between $\frac{1}{40000}$ and $\frac{1}{100,000}$ in this case hydroquinone.

As against these quite extremely small quantities many times the quantity of thiocarbamide, calculated on diazo compound, is added according to the Examples 1 and 2 of the present application, and about $1\frac{1}{2}$ times the quantity according to Example 3 of the present application.

Accordingly it is a matter of completely different kind of process, quite apart from the fact that thiocarbamide here is not used together with reducing media.

That small amounts of thiocarbamide do not have the effect achievable according to the process of the application, is shown in the Table I A, Nr. 2; I B, Nr. 10; II A Nr. 2; II B Nrs. 8 and 9 as well as III A. Nr. 2 and III B, Nrs. 8 and 9, enclosed with the communication of the applicants of September 13, 1929.

The citations do not therefore oppose as prior publications and there is no collision with the application C. 39,700 IVb/57b having an older priority.

There was, therefore, no substantial reason for refusing the patent applied for.

Application Department IV b

sgd. Dr. Rolle, Dr. Mai, Dr. Grote.

Reichspatentamt
To the Patent Roll:

- a) for entering the patent into the Patent Roll according to form B.

entered on May 6th 1931
under Nr. 526,370, Class 57 b, Group 12.

b) for informing the owner of the patent;
c) for causing the patent specification to be printed,
done on 7th May 1931.

d) for publication of the entry;
published on 13th May 1931,
entered on 6th May 1931.

Berlin, 30th April 31.

Application Department
sgd. Signature.

GLOSSARY.

- ACETATE** A compound of acetic acid CH_3COOH , hence containing the acetate group (CH_3COO).
- ACID**
(ACIDIC)
(ACIDIFY) The opposite of alkaline.
 If an acid substance be added in small increments to a solution of an alkaline substance, it reduces the alkalinity of the system progressively until a neutral point is reached at which they balance each other. Further addition of acid substance will make the system acid.
- ALDEHYDE** An organic compound containing the following group:
- $$\begin{array}{c} \text{H} \\ \diagup \\ \text{O}=\text{C} \\ \diagdown \end{array}$$
- ALIPHATIC** A broad classification of organic compounds which includes the compounds derived from the hydrocarbons of the open chain series as distinguished from those of the aromatic compounds.
- ALKALINE**
(ALKALI)
(BASIC)
(BASE) The opposite of acid.
 If an alkaline substance be added in small increments to a solution of an acid substance, it reduces the acidity of the system progressively until a neutral point is reached at which they balance each other. Further addition of alkaline substance will make the system alkaline.
- AMIDO**
 and
AMINO Interchangeable prefixes used to denote the presence of the (NH_2) group. Some authors prefer to restrict AMIDO to aromatic compounds and AMINO to aliphatic compounds, but this is optional.
- AMMONIA** The compound NH_3 which is the commonest example of a volatile alkali. In water solution, it becomes ammonium hydroxide NH_4OH , of which ordinary "household ammonia" is one form.
- AROMATIC** A broad classification of organic compounds derived from benzene and retaining the ring or closed chain formation of benzene, as distinguished from the aliphatic compounds.

| | |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AZO | A prefix denoting compounds containing the group (—N=N—), united on both sides to an aliphatic or aromatic group. |
| AZO DYESTUFF COUPLING COMPONENT | An organic compound capable of coupling or combining with a diazo compound, under suitable conditions, to form an azo dyestuff or color. |
| C | Chemical symbol for one atom of carbon. |
| CHLORIDE | A salt of hydrochloric acid HCl or a substance in which hydrogen has been replaced by chlorine. |
| Cl | Chemical symbol for one atom of chlorine. |
| CITRIC ACID | An aliphatic organic acid contained in many fruits. Its formula is: $\begin{array}{c} \text{CH}_2\text{COOH} \\ \\ \text{COHCOOH} \\ \\ \text{CH}_2\text{COOH} \end{array}$ |
| Cu | Chemical symbol for one atom of the metal copper. |
| CUPRIC | The term denoting copper in its higher state of oxidation in which it has a valence of 2, i. e. $\text{Cu}++$. |
| CUPROUS | The term denoting copper in its lower state of oxidation, in which it has a valence of 1, i. e. $\text{Cu}+$. |
| DIAZO | A prefix denoting compounds containing the group (—N=N—), united on one side to an aliphatic or aromatic group, the other side being free to couple. |
| DIAZOTYPE | The branch of photography, based on: <ol style="list-style-type: none"> (1) The ability of certain diazo compounds to couple with azo dyestuff coupling components under suitable conditions to form an azo dyestuff or color. (2) The decomposition of certain diazo compounds under the influence of light to produce essentially white or colorless compounds incapable of forming an azo dyestuff or color with azo dyestuff coupling components. |

| | |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fe | Chemical symbol for one atom of the metal iron. |
| FERRIC | The term denoting iron in its higher state of oxidation, in which it has a valence of 3, i. e. $\text{Fe}+++$. |
| FERROUS | The term denoting iron in its lower state of oxidation, in which it has a valence of 2, i. e. $\text{Fe}++$. |
| FORMALDEHYDE | An aliphatic organic compound of formula <div style="text-align: center;"> $\begin{array}{c} \text{H} \\ \diagup \\ \text{O}=\text{C} \\ \diagdown \\ \text{H} \end{array}$ </div> |
| H | Chemical symbol for one atom of hydrogen. |
| HYDROGEN PEROXIDE | The liquid compound H_2O_2 . It acts as an oxidizing agent except in special cases. |
| HYPO | A commonly used chemical "nickname" for sodium thiosulfate, $\text{Na}_2\text{S}_2\text{O}_3$, a well-known reducing agent. |
| INORGANIC | A broad classification of substances denoting those containing no carbon. |
| N | Chemical symbol for one atom of nitrogen. |
| Na | Chemical symbol for one atom of the metal sodium. |
| NEGATIVE PRINT | A print in which the letters, lines, etc. of the image are in white or other light color on a black or other dark-colored background. |
| NON-VOLATILE | Not evaporating at ordinary temperatures upon exposure to the air. |
| O | Chemical symbol for one atom of oxygen. |
| ORGANIC | A broad classification of substances denoting those containing carbon. Exceptions are carbonates, cyanides and other simple carbonic derivatives, which are usually considered inorganic. |
| OXIDATION (OXIDIZE) (OXIDIZING) | (1) The addition of oxygen or an equivalent negative element or group (chlorine, sulfur, non-metals, etc.) to an element or compound. |

(2) The removal of hydrogen or an equivalent positive element or group (metals, etc.) from a compound.

(3) The increase in the positive valence of a metal, from the “-ous” form to the “-ic” form.

OXYDIPHENYL-
AMINE
(PARA)

The compound $C_6H_5NHC_6H_4OH$ which, then oxidized by mercuric oxide in benzene solution, forms quinone monoanil $C_6H_5NC_6H_4O$, a fiery red compound.

POSITIVE
PRINT

A print in which the letters, lines, etc. of the image are in black or other dark color on a white or light-colored background. Thus, ordinary newsprint is positive.

QUINONE
MONOANIL
or
QUINONMONO-
ANIL

The fiery red compound $C_6H_5NC_6H_4O$ formed from para oxydiphenylamine $C_6H_5NHC_6H_4OH$ by oxidation in benzene solution with mercuric oxide.

REDUCTION
(REDUCE)
(REDUCING)

(1) The removal of oxygen or an equivalent negative element or group (chlorine, sulfur, non-metals, etc.) from a compound.

(2) The addition of hydrogen or an equivalent positive element or group (metals, etc.) to an element or compound.

(3) The decrease in the positive valence of a metal, from the “-ic” form to the “-ous” form.

S

Chemical symbol for one atom of sulfur.

SILVER

The semi-precious metallic element, of which the chemical symbol for one atom is Ag. The light-sensitivity of certain silver compounds is the basis of ordinary photography.

SODIUM

The metallic element of which the chemical symbol for one atom is Na.

SODIUM
CARBONATE

The most important industrial alkali, a white, non-volatile, inorganic, solid compound of formula Na_2CO_3 .

SODIUM THIO-
SULFATEor
"HYPO"

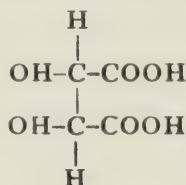
The inorganic compound $\text{Na}_2\text{S}_2\text{O}_3$, which is a well-known reducing agent.

SULFUR

The yellow non-metallic solid element, of which the chemical symbol for one atom is S.

TARTARIC
ACID

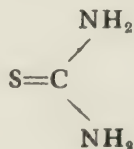
The aliphatic organic acid of formula

THIOCAR-
BAMIDE

A synonym for thiourea.

THIOUREA
or
THIOCAR-
BAMIDE

The organic aliphatic amino compound of formula



VALENCE

The chemical reacting power of an element expressed as the number of atoms of hydrogen or chlorine which an atom of the element can combine with or displace. In general, hydrogen and metals have positive valences; while chlorine and other non-metals have negative valences.

VOLATILE

Evaporating at ordinary temperatures upon exposure to the air. *q. l.*

